



ZELAN BERHAD

Resilience in **Motion**

# 2024

## Annual Report



## OUR VISION

To be the preferred engineering and construction group in Malaysia.

## OUR MISSION

To be competitive and at the forefront of the industry transformation by:

- Offering technologically innovative designs and solutions;
- Pursuing the highest levels of work quality and service excellence in our fields of specialisation with optimal use of resources; and
- Maximising returns to shareholders.

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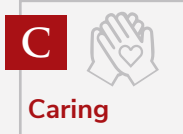


## CORPORATE VALUES

Our core values of integrity, caring, innovation, and professionalism are fundamental to our commitment to delivering exceptional results and maintaining the highest standards of excellence.



Integrity



Caring



Innovative



Professionalism



## OUR BUSINESS FOCUS

Our business focus is engineering and construction projects and public private partnership projects, mainly in Malaysia.

Board  
Directors

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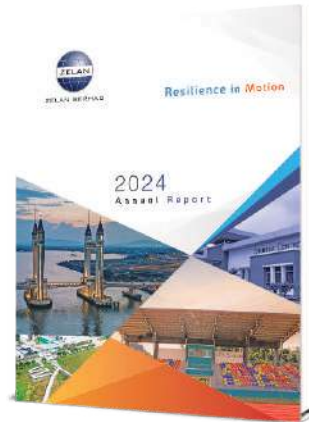
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➤ PROXY FORM

Resilience in Motion



# 49

TH  
ANNUAL  
GENERAL  
MEETING

**Day & Date:**

Wednesday, 11 June 2025

**Time:**

10.00 a.m.

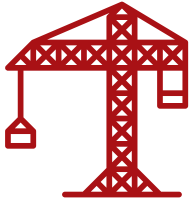
**Venue:**

Komune Living & Wellness,  
No. 21, Jalan Tasik Permaisuri 2,  
Bandar Tun Razak,  
56000 Cheras,  
Kuala Lumpur

This annual report is available on the web at  
[www.zelan.com](http://www.zelan.com) or [http://www.zelan.com/  
investor-relations/annual-report/](http://www.zelan.com/investor-relations/annual-report/)



or you can scan here  
to download



# YESTERDAY

We've learnt much  
from the past...







• Kuala Terengganu Drawbridge

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Anwar bin Haji @ Aji**  
Non-Independent,  
Non-Executive Chairman

**Datuk Puteh Rukiah binti  
Abd Majid**  
Non-Independent,  
Non-Executive Director

**Suhaimi bin Halim**  
Independent,  
Non-Executive Director

**Mohd Shukor bin Abdul Mumin**  
Independent,  
Non-Executive Director

**Amalanathan a/l L. Thomas**  
Independent,  
Non-Executive Director

**Dato' Mohd Redza Shah bin  
Abdul Wahid**  
Independent,  
Non-Executive Director

## COMPANY SECRETARY

Jamalia Sheridan binti Khotib  
LS0010546  
SSM PC No. 202108000244

## AUDITORS

**Nexia SSY PLT**  
(LLP0019490-LCA & AF002009)  
UOA Business Park, Tower 3  
5<sup>th</sup> Floor, K03-05-08  
1 Jalan Pengaturcara U1/51A Section U1  
40150 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Telephone : +60(3) 5039 1811  
Facsimile : +60(3) 5039 1822  
Email : [www.nexiassy.com](http://www.nexiassy.com)

## SHARE REGISTRAR

**BoardRoom Share Registrars Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Telephone : +60(3) 7890 4700  
Facsimile : +60(3) 7890 4670

## REGISTERED OFFICE

24<sup>th</sup> Floor, Wisma Zelan  
No. 1, Jalan Tasik Permaisuri 2  
Bandar Tun Razak, Cheras  
56000 Kuala Lumpur  
Telephone : +603-9173 9173  
Facsimile : +603-9171 8191  
Email : [info@zelan.com.my](mailto:info@zelan.com.my)

## PRINCIPAL BANKERS

Bank Pembangunan Malaysia Berhad  
Bank Muamalat Malaysia Berhad  
HSBC Bank Middle East Limited

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia  
Securities Berhad  
Stock Code : 2283



# FINANCIAL CALENDAR

## FINANCIAL YEAR ENDED 31 DECEMBER 2024

### ANNOUNCEMENT OF RESULTS

1

First Quarter Ended  
31 March 2024

29 May 2024

2

Second Quarter Ended  
30 June 2024

27 August 2024

3

Third Quarter Ended  
30 September 2024

14 November 2024

4

Fourth Quarter Ended  
31 December 2024

25 February 2025

## PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of the 49<sup>th</sup>  
Annual General Meeting

30 April 2025



49<sup>TH</sup>  
ANNUAL GENERAL MEETING

11 June 2025

# 5 YEARS' FINANCIAL HIGHLIGHTS

	Financial Year ended 31.12.2024 (RM'000)	Financial Year ended 31.12.2023 (RM'000)	Financial Year ended 31.12.2022 (RM'000)	Financial Year ended 31.12.2021 (RM'000)	Financial Year ended 31.12.2020 (RM'000)
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## KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)

Revenue	40,168	30,338	50,431	45,912	51,929
Gross profit	19,837	17,944	30,144	14,212	22,851
Profit before zakat and taxation	(247,926)	68,405	1,931	7,620	42,101
Profit attributable to equity holders of the Company	(252,234)	65,380	1,377	3,142	36,215

## KEY FINANCIAL POSITION STATEMENT DATA (RM'000)

Total assets	460,102	761,179	785,573	863,814	847,688
Total assets less current liabilities	263,579	564,064	558,631	562,662	583,652
Deposits, cash and bank balances	49,257	55,262	43,941	39,465	32,788
Borrowings	373,643	410,076	483,679	503,373	526,982
Equity attributable to owners of the Company	(92,766)	155,922	96,644	84,268	88,002

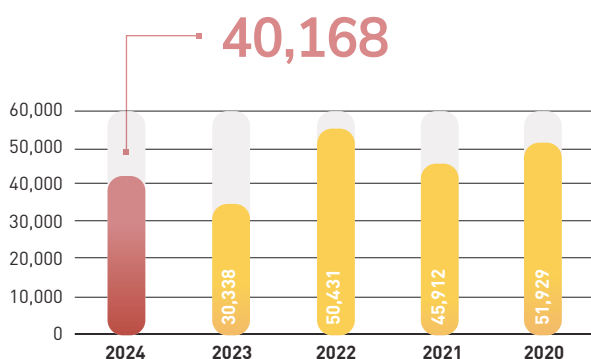
## FINANCIAL RATIOS (%)

Debt to equity	N/A	263.0	500.5	597.3	598.8
Pre-tax return on equity attributable to owners of the Company	N/A	43.9	2.0	9.0	47.8

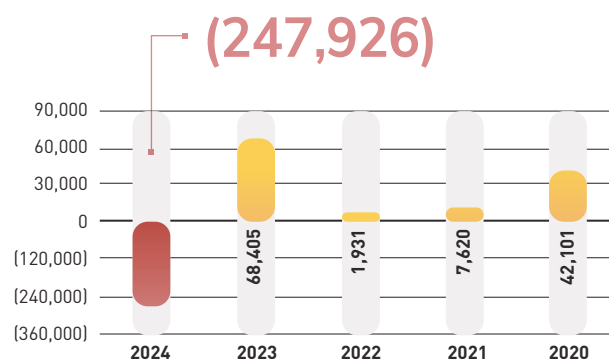
## SHARE INFORMATION

Per Share (sen)					
Net tangible assets per share (RM)	(0.11)	0.18	0.11	0.10	0.10
Basic earnings/(loss) per share (sen)	(29.85)	7.74	0.2	0.4	0.3
Diluted earnings/(loss) per share (sen)	(29.85)	7.74	0.2	0.4	0.3

### REVENUE (RM'000)



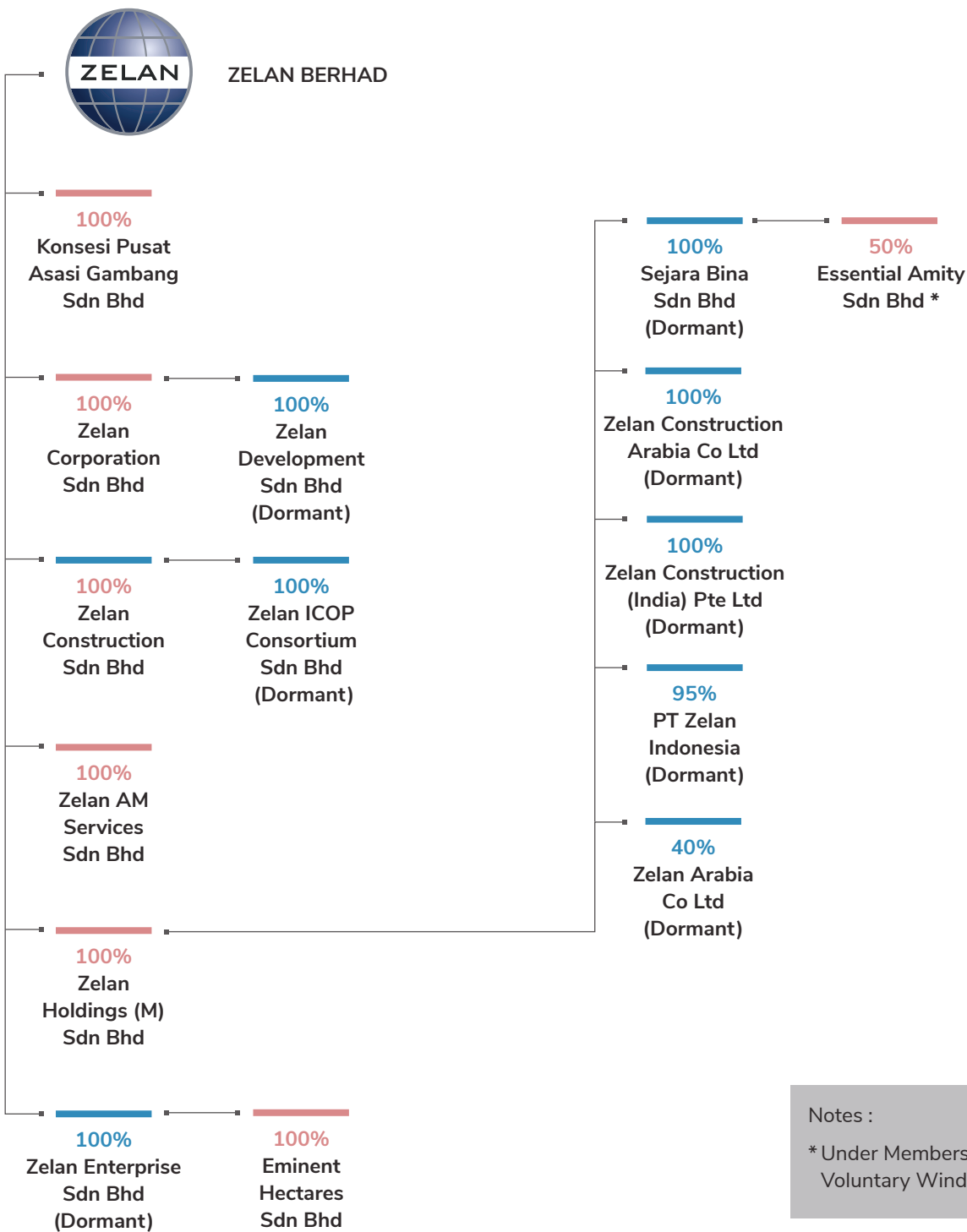
### PROFIT BEFORE ZAKAT AND TAXATION (RM'000)





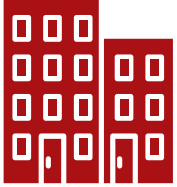


# CORPORATE STRUCTURE/ KEY OPERATING COMPANIES



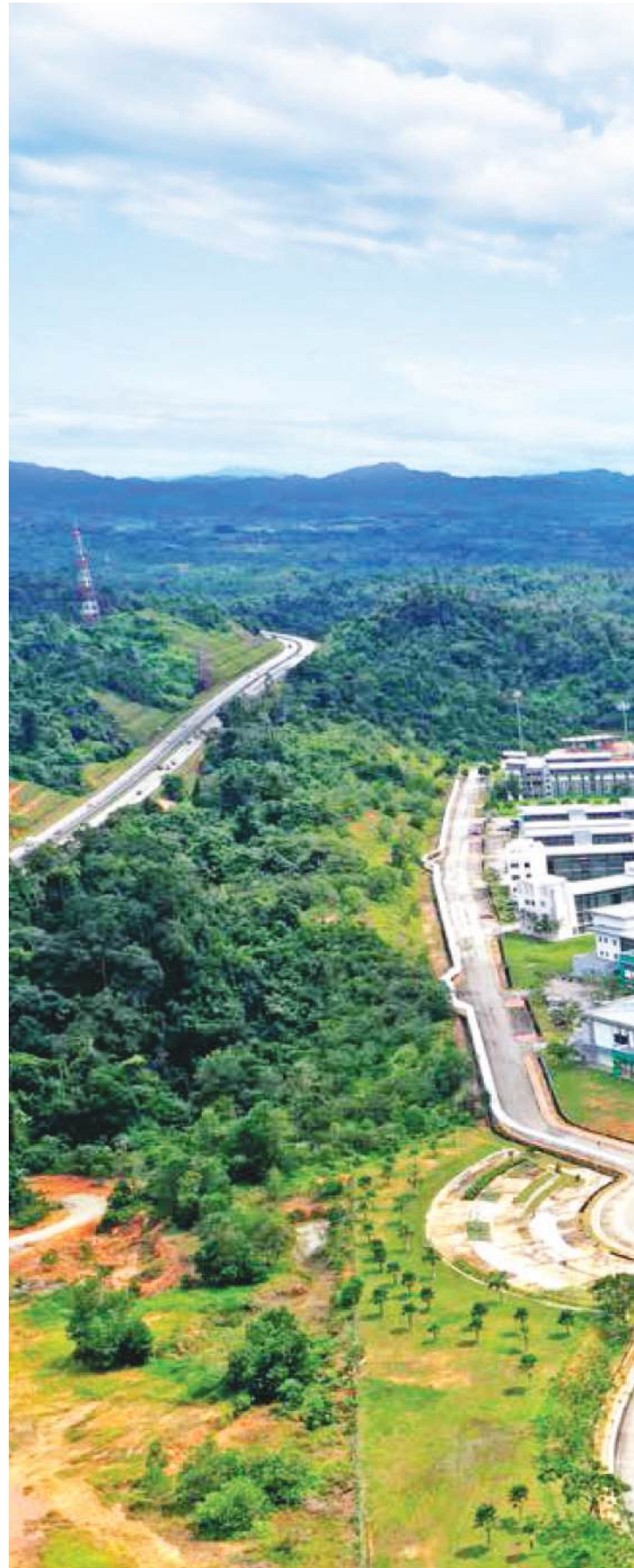
Notes :

\* Under Members  
Voluntary Winding-Up



# TODAY

We're ready to embrace  
new opportunities...







• IIUM Gambang Campus





# MANAGEMENT DISCUSSION & ANALYSIS





Revenue recorded at RM40.2 million increased by 32.5% compared to the previous year of RM30.3 million, primarily due to an increase in asset management and asset replacement works in our concession project known as Centre for Foundation Studies (Phase 3) at IIUM's Gambang Campus in Pahang.



REVENUE 2024

**RM40.2** MILLION **32.5** % INCREASED FROM 2023

### DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended ("FYE") 31 December 2024. We would like to express our sincere gratitude for your continued support and understanding as we navigate a particularly challenging period in the history of Zelan Berhad.





## MANAGEMENT DISCUSSION & ANALYSIS

### GROUP RESULTS

During the year under review, Zelan Group faced substantial financial challenges, reflected in its financial performance. Revenue recorded at RM40.2 million increased by 32.5% compared to the previous year of RM30.3 million, primarily due to an increase in asset management and asset replacement works in our concession project known as Centre for Foundation Studies (Phase 3) at IIUM's Gambang Campus in Pahang.

Zelan Group recorded loss before tax and zakat of RM247.9 million in FY2024. This loss before tax and zakat was primarily due to the impairment of trade receivable of an arbitration award against a project owner of the Group's project in Abu Dhabi, United Arab Emirates ("UAE").

Significant efforts have been made to recover the awarded sum, including execution proceedings filed in the Execution Court of Abu Dhabi, UAE with the assistance of solicitors and relevant authorities both in Abu Dhabi, UAE and Malaysia. Diplomatic channels have also been engaged in the efforts to recover the awarded sum. Despite these ongoing efforts, the Group has assessed the recoverability of the awarded sum and determined that there is an uncertainty regarding the recoverability of the awarded sum. Given the prolonged nature of the recovery process and the inherent challenges involved, the Group has decided to fully impair the awarded sum of RM252.0 million. Nevertheless, the Group remains committed to exhausting all available avenues for recovery and will continue to make new efforts to recover the arbitration award against the project owner in Abu Dhabi, UAE.

This impairment reflects a prudent and conservative approach in line with applicable financial reporting standards, ensuring that the financial statements provide a fair and accurate representation of the Group's financial position. However, this impairment has led our shareholders' equity to fall to (RM93.1 million), below 25% of our issued capital and has triggered the Prescribed Criteria under Paragraph 2.1(a) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").



### ACKNOWLEDGING THE CHALLENGE

This event, while a serious matter, has become a turning point - one that has prompted a comprehensive review of our operations, financial position and future strategy.

It underscores the urgent need for decisive action, strategic clarity and transparent governance. We remain fully committed to returning the company to a stable and sustainable path.

### APPOINTMENT OF PRINCIPAL ADVISER

We are pleased to inform you that we have formally appointed Malacca Securities Sdn. Bhd. ("Malacca Securities") on 21 March 2025 as our Principal Adviser to assist in the formulation and execution of a Regularisation Plan. This appointment represents a significant milestone in our recovery journey.

Malacca Securities brings with them deep expertise in corporate rehabilitation and capital markets advisory. Their role will be pivotal in guiding us through the regulatory and strategic processes required to lift our PN17 status and restore investors' confidence.



## OUR STRATEGIC PRIORITIES

Our Regularisation Plan, now in active development, will be comprehensive and forward-looking. The Board, management team, and Principal Adviser are collaborating closely to evaluate various options, including:

- Recapitalisation initiatives, such as equity restructuring or fund-raising exercises;
- Business reorganisation, focusing on cost efficiency and operational realignment;
- Asset optimisation, including divestment of non-core assets and revitalisation of key revenue streams.

We intend to submit the regularisation plan to Bursa Securities within the stipulated timeframe and will ensure all regulatory requirements are met.

## LOOKING AHEAD

We recognise that this is a time of uncertainty. However, we want to assure all stakeholders that the Board is taking proactive steps to steer the company toward stability. The journey to recovery will demand transparency, discipline and commitment-qualities that we are prepared to uphold at every stage.

We remain deeply appreciative of the support shown by our shareholders, business partners, employees and regulators. Your confidence in us is the foundation of our determination to move forward.

While there is much work ahead, there is also renewed hope. With strong leadership, the guidance of our Principal Adviser and the collective will of the Board and management, we are laying the groundwork for a new beginning.

Thank you once again for standing with us. We look forward to updating you on our progress as we move toward a stronger, more resilient future for Zelan Berhad.





# BOARD OF DIRECTORS





# CTORS



**From left to right:**

**Suhaimi bin Halim**

Independent,  
Non-Executive Director

**Dato' Anwar bin Haji @ Aji**

Non-Independent,  
Non-Executive Chairman

**Datuk Puteh Rukiah binti  
Abd Majid**

Non-Independent,  
Non-Executive Director

**Mohd Shukor bin Abdul Mumin**

Independent,  
Non-Executive Director

**Amalanathan a/l L. Thomas**

Independent,  
Non-Executive Director

**Dato' Mohd Redza Shah bin  
Abdul Wahid**

Independent,  
Non-Executive Director

# BOARD OF DIRECTORS' PROFILE

## DATO' ANWAR BIN AJI

Non-Independent, Non-Executive Chairman

 Nationality  
Malaysian

 Aged  
75

 Appointed to the Board on  
11 December 2008

Dato' Anwar bin Haji @ Aji was appointed to the Board as an Independent Non-Executive Chairman on 11 December 2008. He was re-designated as Executive Chairman on 19 January 2011 and subsequently as Independent Non-Executive Chairman on 1 December 2012. On 20 March 2025, Dato' Anwar bin Haji @ Aji was re-designated as a Non-Independent Non-Executive Director. He is also the Chairman of the Practice Note 17 Board Committee.

Dato' Anwar bin Haji @ Aji holds Master of Arts in International Studies from Ohio University, United States of America in 1982.

Dato' Anwar bin Haji @ Aji started his career with the Government of Malaysia and has held various positions in the Ministry of International Trade and Industry, the Prime Minister's Department and the Ministry of Finance. He joined Khazanah Nasional Berhad in 1994 and held the position of Managing Director prior to his departure in May 2004.

Dato' Anwar bin Haji @ Aji is a Chairman of the Nominating and Remuneration Committee and a member of the Audit Committee, Risk Management and Sustainability Committee and Long-Term Incentive Plan Committee of MBM Resources Berhad.

Dato' Anwar bin Haji @ Aji does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Dato' Anwar bin Haji @ Aji has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.


Dato' Anwar bin Haji @ Aji attended 11 out of 11 board meetings held during the financial year ended 31 December 2024.

## DATUK PUTEH RUKIAH BINTI ABD MAJID

Non-Independent, Non-Executive Director

 Nationality  
Malaysian

 Aged  
72

 Appointed to the Board on  
15 April 2013

Datuk Puteh Rukiah binti Abd Majid was appointed to the Board as an Independent, Non-Executive Director on 15 April 2013. Subsequently, she was re-designated as Non-Independent Non-Executive Director on 15 April 2025. Datuk Puteh Rukiah is also a member of the Audit Committee.

Datuk Puteh Rukiah binti Abd Majid holds Master of Arts (Economics) from Western Michigan University, United States of America.

She began her career with the Government of Malaysia ("Government") in 1976 and has held various positions in the Economic Planning Unit, Prime Minister's Department. She continued to serve the Government in the Ministry of Finance from 1990 and held various posts in the Ministry. Her various appointments included being the Principal Assistant Director of the Budget Division and as Undersecretary, Investment and Privatisation and Minister of Finance Incorporated Division. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls), at the Ministry of Finance.

Datuk Puteh Rukiah binti Abd Majid also sits on the boards of MIF Investments Ltd.

Datuk Puteh Rukiah binti Abd Majid does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Datuk Puteh Rukiah binti Abd Majid has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datuk Puteh Rukiah binti Abd Majid attended 11 out of 11 board meetings held during the financial year ended 31 December 2024.





## BOARD OF DIRECTORS' PROFILE

### SUHAIMI BIN HALIM

Independent, Non-Executive Director



Nationality  
Malaysian



Aged  
69



Appointed to the Board on  
11 September 2014

Encik Suhaimi bin Halim was appointed to the Board as an Independent, Non-Executive Director on 11 September 2014. On 6 June 2018, he was appointed as a member of the Audit Committee and subsequently as the Chairman of the Audit Committee on 16 March 2022. He is also a member of the Nomination and Remuneration Committee.

Encik Suhaimi holds a Bachelor of Science (Civil Engineering) - with Honours from University of Glasgow, Scotland.

Encik Suhaimi was with UEM Group since 1988, holding various senior positions prior to his retirement on 30 June 2013. In his more than 30 years' experience, he had the opportunity to be involved in various major infrastructure projects specifically expressway and transportation sectors in both construction and operations.

Encik Suhaimi does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Encik Suhaimi has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Encik Suhaimi attended 10 out of 11 board meetings held during the financial year ended 31 December 2024.

### MOHD SHUKOR BIN ABDUL MUMIN

Independent, Non-Executive Director



Nationality  
Malaysian



Aged  
65



Appointed to the Board on  
20 January 2016

Encik Mohd Shukor bin Abdul Mumin was appointed to the Board as an Independent, Non- Executive Director on 20 January 2016.

Encik Mohd Shukor holds an LLB (Honours) Degree from University of Buckingham, United Kingdom and Master of Law Society (LLM) from Universiti Kebangsaan Malaysia (UKM). He is also a member of the Malaysian Bar and the Sabah Law Association.

Encik Mohd Shukor started his career as Manager with CIMB Bank Berhad in 1983. In 1998, he joined Permodalan Bumiputra Sabah Berhad and has held the position of Group Managing Director from 1998 until 2004. Encik Mohd Shukor was an Advocate & Solicitor of Messrs. A1 Shukor & Co., a legal firm in Kuala Lumpur from 2009 until 2021.

Encik Mohd Shukor was appointed as the Executive Director of Qhazanah Sabah Berhad (QSB) in November 2020 until 7 February 2023.

Encik Mohd Shukor served as the Deputy Chairman of Angkatan Hebat Sdn. Bhd. (AHSB) since January 2021 and as the Managing Director of Qhazanah Technology Sdn. Bhd. (QTSB) since November 2020, subsidiaries of QSB respectively. He also holds directorships in other subsidiaries in the group of company of QSB until 7 February 2023.


On 21 January 2021, Encik Mohd Shukor joined Qhazanah Quantum Sdn. Bhd. (QQSB) as the Chairman until May 2023. He sits on the Board as Independent Non-Executive Director of Berjaya Assets Berhad on 28 April 2022.

Encik Mohd Shukor does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Encik Mohd Shukor has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Encik Mohd Shukor attended 11 out of 11 board meetings held during the financial year ended 31 December 2024.

## BOARD OF DIRECTORS' PROFILE

### AMALANATHAN A/L L. THOMAS Independent, Non-Executive Director

 Nationality  
Malaysian
  Aged  
66

 Appointed to the Board on  
21 January 2022

Encik Amalanathan a/l L. Thomas was appointed to the Board as an Independent, Non-Executive Director on 21 January 2022. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Practice Note 17 Board Committee.

He holds a Master of Business Administration from the University of Malaya and has obtained Professional Qualifications in Accounting and Taxation. He holds memberships in the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia, ASEAN Chartered Professional Accountant, Malaysian Institute of Management and Institute of Corporate Directors Malaysia.



Prior to his retirement on 30 June 2021, he was the Group Director, Financial Services of DRB-HICOM Berhad. He was appointed as Principal Officer of DRB-HICOM Berhad on 1 April 2016. He was responsible for the overall financial management of the Group and has a wide range of experience in Financial Reporting/Audit, Corporate Governance, Taxation, Debt & Equity Restructuring, Reorganization of companies and Risk & Sustainability management.


He sits on the Board of Labuan Reinsurance (L) Ltd. and also the Chairman of Remuneration and Nomination Committee and a member of Audit Committee.

Encik Amalanathan a/l L. Thomas does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Encik Amalanathan a/l L. Thomas has no conviction for any offence within the past five years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Encik Amalanathan a/l L. Thomas attended 11 out of 11 board meetings held during the financial year ended 31 December 2024.

### DATO' MOHD REDZA SHAH BIN ABDUL WAHID Independent, Non-Executive Director

 Nationality  
Malaysian
  Aged  
62

 Appointed to the Board on  
28 November 2024

Dato' Mohd Redza Shah bin Abdul Wahid was appointed to the Board as an Independent, Non-Executive Director on 28 November 2024. He is also the Chairman of Nomination and Remuneration Committee and a member of Practice Note 17 Board Committee.

He holds Master of Science of Economics (International Banking and Finance) from University of Wales, Cardiff, United Kingdom and holds membership in the Institute of Chartered Accountant in England and Wales (ICAEW) as an Associate Chartered Accountant.

He was appointed as the Executive Director/Group Chief Operating Officer of DRB-HICOM Berhad in 2005 until 2008. Subsequently, he was appointed as an Executive Director/Chief Executive Officer for Bank Muamalat Malaysia Berhad in 2008 until 2019.

Dato' Mohd Redza Shah sits on the Board of KPJ Healthcare Berhad, Avangaad Berhad (formerly known as E.A. Technique (M) Berhad), Waqaf An-Nur Corporation Berhad and Express Power Solutions (M) Berhad.

Dato' Mohd Redza Shah does not have any family relationship with and is not related to any director of Zelan Berhad and/or major shareholder of Zelan Berhad and does not have any conflict of interest with the Company. Dato' Mohd Redza Shah has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Mohd Redza Shah attended 1 out of 1 board meeting held during the financial year ended 31 December 2024.



# MANAGEMENT TEAM



**PUAN SHAREENA BINTI SHAHRIL**  
Acting Chief Executive Officer

 **Nationality**  
Malaysian

 **Aged**  
43

Puan Shareena binti Shahril holds a Bachelor of Laws (Hons.) from Universiti Teknologi MARA and was called to the Bar in December 2007. With over 15 years of experience in the legal field, she has gained extensive expertise in litigation, corporate law, employment law, construction and commercial contract, and legal risk management.

Beginning her career in 2007, Puan Shareena has gained comprehensive experience at several law firms before joining UEM Builders Berhad in 2013. In 2017, she founded her own law firm, broadening her scope of practice and client base.

On 1 October 2023, Puan Shareena was appointed as Legal Manager at Zelan Berhad. In recognition of her leadership and strategic vision, she assumed the role of Acting Chief Executive Officer on 21 November 2024.

## CORPORATE SERVICES

**PUAN IRMASLIA BINTI IBRAHIM**  
Corporate Resource  
Female | Age 45 | Malaysian

**ENCIK ZAKI ALBAR BIN BAHARI**  
Account & Finance  
Male | Age 57 | Malaysian

## OPERATIONS

**ENCIK MUHAMMAD FARIS ASRAF BIN ZAKARIA**  
Asset Management Services, Concession  
Male | Age 35 | Malaysian



Puan Irmaslia binti Ibrahim

Encik Zaki Albar bin Bahari

Encik Muhammad Faris Asraf bin Zakaria



# TOMORROW

We're confident of  
our future...







● SUKE Highway



# SUSTAINABILITY STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) of Zelan Group of Companies (“the Group”) is pleased to present this Sustainability Statement, which details how the Group manages risks and opportunities associated with sustainability. We focus on Material Sustainability Matters (MSMs) in Economic, Environmental and Social (ESS) areas, enabling us to develop targeted strategies for sustainable growth.

Currently, the Group’s priorities include establishing a regularisation plan and debt restructuring. These initiatives reflect our ability to adapt to evolving market conditions as we work toward our sustainability goals. Our flexible business model allows us to effectively tackle challenges and proactively promote responsible business practices. This Sustainability Statement aims to provide clear insights into our commitment to incorporating sustainability into our operations for the long-term success of the Group.

## REPORTING FRAMEWORK

This statement has been prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). It is also guided by the Global Reporting Initiatives (“GRI”) standards and the Sustainability Reporting Guide (3rd edition) from Bursa Malaysia, which form the basis for the reporting framework of this statement.

## REPORTING SCOPE

This Sustainability Statement covers Zelan Berhad and all its subsidiaries within the business sector for the financial year ended 31 December 2024 (“FYE 2024”) focuses on the four key pillars that drive the strategic approach: Economic, People, Environment and Community, across the Group. Unless mentioned otherwise, this statement excludes joint ventures.



### ECONOMIC

Reviewing the marketplace regularly to ensure that the Group remain relevant and competitive.



### PEOPLE

The employees of the Group are fundamental to its growth and development. The Group places a strong emphasis on ensuring the safety and well-being of its employees, as well as fostering their talent and development.



### ENVIRONMENT

Developing green and sustainable projects while minimising negative environmental impacts.



### COMMUNITY

Empower the community where the Group operate through various initiatives and investments.



# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

Sustainability Governance is led by the Board of Directors, supported by the Acting Chief Executive Officer and Facility Manager as “Sustainability Working Team” to oversee the Group’s sustainability efforts, activities and initiatives, as well as setting and monitoring sustainability objectives, targets and initiatives. The following represents the framework of the sustainability governance.

Board of Directors (“Board”)	<ul style="list-style-type: none"> <li>Oversees the Company’s sustainability related matters including adoption of relevant governance policies.</li> <li>Establishes the overall strategic direction for the Company’s sustainability plan.</li> <li>To provide approval for the disclosure of the Sustainability Statement in the annual report.</li> </ul>
Acting Chief Executive Officer (“ACEO”)	<ul style="list-style-type: none"> <li>Provides reports to the Board on sustainability risks and measures addressed by the Company.</li> <li>Identify and recommend any changes in sustainability initiatives and strategies.</li> <li>Review and endorse significant EES risks and mitigation measures proposed by the SWT.</li> </ul>
Sustainability Working Team (“SWT”)	<ul style="list-style-type: none"> <li>Prepare and recommend sustainability standards and procedures to the ACEO.</li> <li>Implement sustainability related strategies for managing the <b>Economy, Environment and Social</b> (“EES”) risks and opportunities within their departments.</li> <li>Collect data, record and monitor EES risks.</li> <li>Assess the sustainability material matters and effort to address the material sustainability issues.</li> <li>Ensures the disclosure of the Sustainability Statement in the Annual Report is in accordance with MMLR under Bursa Malaysia for sustainability reporting.</li> </ul>

## STAKEHOLDER ENGAGEMENT

The Group uses various communication channels to engage stakeholders’ expectations, concerns, and interests, ensuring effective communication and alignment of business activities with diverse interests. Key stakeholder groups, methods, focus areas and frequency are summarised as follows:-

Stakeholder Group	Focus Areas	Engagement Approach	Frequency
Shareholders	<ul style="list-style-type: none"> <li>Annual &amp; Extraordinary General Meetings</li> <li>Bursa announcements</li> <li>Quarterly reports</li> <li>Annual reports</li> <li>Timely update on corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> </ul>	Quarterly & Annually
Government Regulators	<ul style="list-style-type: none"> <li>Operations regulations</li> <li>Bursa listing requirements</li> <li>Companies’ - Act</li> <li>Labour law</li> <li>Taxations</li> </ul>	<ul style="list-style-type: none"> <li>Compliances to laws and regulations</li> <li>Compliances to standards and specifications</li> </ul>	Regularly as required
Board of Directors	<ul style="list-style-type: none"> <li>Corporate strategy</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings</li> </ul>	Quarterly & Annually
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Value Engineering (VE) to reduce potential delay.</li> <li>Quality assurance</li> <li>Innovative product</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and visits</li> <li>Customer survey</li> </ul>	Periodically & Annually

# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Focus Areas	Engagement Approach	Frequency
Employees	<ul style="list-style-type: none"> <li>Occupational Safety &amp; Health</li> <li>Career development Programme</li> <li>Corporate Social Responsibility (CSR) activities</li> <li>Company Events and functions</li> </ul>	<ul style="list-style-type: none"> <li>Trainings</li> <li>Performance appraisal</li> <li>Team building activities</li> </ul>	Annually as required
Contractors and Suppliers	<ul style="list-style-type: none"> <li>Products' quality</li> <li>Legal compliance</li> <li>Contract terms and conditions review</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and site visits</li> <li>Quality audit on Asset Facility Management</li> <li>Contract negotiation</li> </ul>	Annually & Periodically

## MATERIAL SUSTAINABILITY MATTERS

The Group is committed to managing sustainability issues that are material to its overall strategy and day-to-day operations. The Group believe that integrating materiality considerations into decision making can have a positive impact and contribute significantly to a sustainable future. Following the guidelines of Bursa Malaysia's Sustainability Reporting Guide ("SRG") 3rd Edition, the Group have identified (11) sustainability matters that is listed in the diagram below.

FYE 2024 Materiality Assessment		
Legend		
Environmental Social Economic		
	<ul style="list-style-type: none"> <li>Anti Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>
	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Data Privacy and Security</li> <li>Labour Practices &amp; Standards</li> <li>Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Community Investment</li> <li>Energy Management</li> <li>Water Management</li> </ul>
<ul style="list-style-type: none"> <li>Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Water Management</li> </ul>	



# SUSTAINABILITY STATEMENT

## ECONOMIC

### Economic Performance

Zelan Group of Companies sustainability strategy is centred on generating economic value through its business operations and financial outcomes. Amidst the challenging economic environment, the Group recognise the critical importance of the economic sustainability to stakeholders including investors, customers, employees and government entities. Since project development directly affects the financial performance, the Group promote ahead planning to control risks, create suitable mitigating strategies and establish attainable objectives. In order to achieve this, the Group are concentrating on bidding for new tender and joint ventures with partners like local government agencies, landowners, and developers. Additionally, the Group guarantee great departmental collaboration, accountability and openness, high business ethics in all of the operations and talent retention through career advancement and employee happiness.

#### 1. Anti-Bribery and Anti-Corruption Policy

The Group adopts a zero-tolerance approach to bribery and corruption and is committed to continuously upholding the reputation and maintaining high integrity standards through the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"). This ABAC Policy applies to all including employees, directors, business partners, third parties such as vendors, consultants, and contractors as well as any external representatives acting on behalf of the Group. It adheres to Bursa Malaysia MMLR Chapter 15.29 and Malaysian Anti-Corruption Commission Act 2009 guidelines. Employees are informed of policy updates and are encouraged to report any breaches for confidential investigation.

During the reporting period, the Group are pleased to announce that no instances of corruption were identified or reported among the employees or business partners with respect to their employment with us.

	FYE 2024 (%)	FYE 2023 (%)
Percentage of operation assessed on corruption risk	100	100

#### 2. Whistleblowing Policy

The Group is committed to maintaining high standards of integrity, accountability and transparency in all its business operations to ensure that these standards are upheld. In this regard, the Group has formalised a Whistleblowing Policy which is available on the Company's website. In addition to ensuring that the reporting person can report an allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation, the policy aims to provide and facilitate a mechanism for anyone to report concerns related to any suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse of which they become aware.

During the reporting period, the Group are pleased to announce that no instances of corruption were identified or reported among the employees in respect to their employment with us.

	FYE 2024	FYE 2023
Number of confirmed incidents for FYE 2024 and 2023	None Reported	None Reported

# SUSTAINABILITY STATEMENT

## ECONOMIC (CONT'D)

### Economic Performance (Cont'd)

#### 3. Supply Chain Management

To ensure a steady supply and support the Malaysian economy, the Group consistently prioritise local suppliers provided they meet the standards for price, quality, performance and ethics. As a result, 100% of its supplies for the reporting year were sourced locally. The Group consistently review the performance of its vendors and communicate areas where they can improve. The Group consider as their business partners, acknowledging the mutual dependence between the Group and suppliers.

	FYE 2024 (%)	FYE 2023 (%)
Percentage of spending on local suppliers	100	100

## ENVIRONMENT

### Reducing Environmental Footprint

The Group is dedicated to responsible operations aimed at minimizing the environmental footprint, focusing on energy and water consumption, waste management and pollution prevention. Constructing buildings and other infrastructure has a considerable impact on the environment. This includes direct effects on land use, material usage and energy consumption. The Group has established key objectives to mitigate environmental pollution, manage construction waste effectively and conserve resources.

The Group's Environmental Management System (EMS) adheres to the International Organization for Standardization's Management Standard for Environmental Management Systems (ISO 14001:2015) and other relevant requirements. Additionally, the Group have implemented essential best practices for controlling and preventing environmental pollution, which encompass the management of water pollution, air and noise pollution and waste.

### Energy Management

The Group measure and monitor the energy consumption of the Group, reflecting electricity consumption for business operations which are mainly based in offices and fuel consumption in Company vehicles. Generally, the energy consumption is modest and the Group remains committed to enhancing energy efficiency. To achieve this, a range of initiatives have been implemented, including promoting energy conservation practices such as turning off lights, computers, air conditioner and other electronic equipment when not in use.

### Energy Saving Method

The Asset Maintenance Services ("AMS") team continuously retrofits the T5 bulb type to the LED type at hostel blocks, and the work installation is by stages. The project started at the hostel buildings, where the electricity usage is higher than in other buildings.





## SUSTAINABILITY STATEMENT

### ENVIRONMENT (CONT'D)

#### Energy Saving Method (Cont'd)

The savings energy opportunity is shown below:-

Energy	T5 28 Watt	LED T8 18 watt
Demand (kW) for 520 units of replacement LED at Mahallah Azdah & Fatimah	14.56 kW	9.36
Annual Energy Consumption (kWh) – Annual operation hour (6989 h)	101,759.84 kWh	65,417.04 kWh
Annual Energy Saving Consumption (%)	36 %	

All lighting buildings are manually controlled through a local switch, except for lighting corridors and staircases, which are scheduled through the Building Automation System (BAS). The saving energy opportunity is up to 15% to avoid daylight use.

The installation of motion or occupancy sensor for lighting automatically turn **ON / OFF** the lamps when no people occupying at the toilet area especially at public toilet area i.e. mosque, hall, hostel and class room. The work installation is still continued and work are done by stages. The saving energy opportunity is up to 50%.

The table below shows the toilet area installation with a motion sensor:

No	Building	The quantity of toilet areas
1	Mosque	2 area
2	Mahallah Azdah	9 area
3	Al Khawarizmi Hall	4 area
4	Dining Hall 2	2 area

The AMS also practices energy saving for infra or street lighting by minimizing the time lighting up during student occupancy mode and no student occupancy mode. During the student mode, the lighting is turned on until 12 midnight. Meanwhile, during no student mode, the lighting is turned on until 10 o'clock. The saving energy opportunity is up to 15%. The AMS team also recommended the installation of solar panels for energy saving and the project is about to kickstart.

In FYE 2024, the Group's total energy consumption amounted to 5,642.09904 MWh, with 0.00003951MWh derived from petrol consumption and 5,642.099 MWh derived from purchased electricity. In comparison to FYE 2023, the petrol consumption was 0.00003243 MWh and the electricity purchased was 5,374.76 MWh.

CFS IIUM Gambang	Unit	FYE 2024	FYE 2023
Petrol consumption	MWh	0.00003951	0.00003243
Electricity purchased	MWh	5,642.099	5,374.76
<b>Total energy consumption</b>	<b>MWh</b>	<b>5,642.09904</b>	<b>5,374.760032</b>

# SUSTAINABILITY STATEMENT

## WASTE MANAGEMENT

The operations of Zelan Group of Companies do not directly generate significant waste and there is generally no hazardous waste. Waste is mainly generated from office activities. The Group make efforts to foster a green office culture by implementing the 3Rs (Reduce, Reuse & Recycling), including using environmentally friendly paper for printing and photocopying and encouraging double-sided printing.

In FYE 2024, the Group generated a total of 0.7 tonnes of waste. The Group have observed an increase in the amount of waste directed to disposal. This increase is attributed to the re-painting work from 2 January 2024 to 31 December 2024. The repainting works are currently ongoing. Meanwhile, the installation of switches was started on 8 May 2024. The expansion of the business operations, which has resulted in a higher volume of waste being produced.

The following is a summary of the total waste generated by the Group, which consists of waste diverted from disposal and directed to disposal.

Category	FYE 2024	FYE 2023
Waste directed to disposal	0.6 tons	0.5 tons
Waste diverted from disposal	0.1 tons	0.02
<b>Total Waste Generated</b>	<b>0.7 tons</b>	<b>0.502 tons</b>

## Scheduled Waste

Scheduled waste generated at the sites is managed according to the Environmental Quality (Scheduled Wastes) Regulations 2005. The Group only appoint contractors who are licensed by the DOE to collect and transport the scheduled waste for treatment prior to disposal.

## WATER MANAGEMENT

Water is a precious resource, and its conservation is essential for environmental sustainability. Some of the practical steps taken by the Group include:

- Collect rainwater for general cleaning purposes;
- Withdraw water from nearby ponds for washing and cleaning; and
- Application for municipal water supply such as tap water prior to commencement of projects.

Going forward, the Group will continue to advance water conservation and responsible usage strategies. Water management plays an important role in the assessment of a construction project's impact on the environment, particularly in civil engineering. A large amount of water is typically used in the construction process - for cooling, general cleaning and many others. Therefore, the Group also minimises the negative impact of the projects on the environment, by promoting water saving campaign at CFS IIUM Gambang. The AMS team had conducted a campaign regarding water saving for end users at CFS IIUM Gambang.



## SUSTAINABILITY STATEMENT

### WATER MANAGEMENT (CONT'D)

In FY2024, the total water consumption for CFS IIUM Gampang was 340,300.00 meter cube ("M3") and for Headquarters 662-meter cube. In comparison to FYE 2023, the total water consumption for CFS IIUM Gampang was 310,283.00 M3 and for Headquarters 730 M3.

Headquarters and CFS IIUM Gampang	FYE 2024	FYE 2023
Water used (M3)	340,962.00	311,013.00

#### A. Water Monitoring (CFS IIUM Gampang)

The campus activities generate surface water runoff, which is discharged into a monsoon drain and collected at the Sewage Treatment Plant (STP) within the project sites. The Group conduct monthly & half-yearly monitoring at STP final discharge point & residential buildings to ensure its levels are within DOE limit or Conditions of Approval's compliance limit.

- Sewage Treatment Plant

PARAMETER	POTENTIAL HYDROGEN	BOD	COD	SUSPENDED SOLIDS	OIL AND GREASE	AMMONIACAL NITROGEN
STANDARD	5.5-9.0	20	120	50	5	10
UNITS	-	MG/L	MG/L	MG/L	MG/L	MG/L
Jan-24	6.8	10	31	8	3	4
Feb-24	7.1	14	35	2	-	3
Mar-24	7.3	12	42	2	-	26
Apr-24	6.3	3	43	3	1	4
May-24	6.7	5	60	5	-	25
Jun-24	6.9	11	32	6	1	20
Jul-24	8.7	8	25	18	2	21
Aug-24	7.4	6	60	5	1	17
Sep-24	5.1	19	71	29	3	7
Oct-24	7.1	43	43	5	2	29
Nov-24	7.2	63	114	9	4	30
Dec-24	7.8	5	63	14	2	8

# SUSTAINABILITY STATEMENT

## WATER MANAGEMENT (CONT'D)

### A. Water Monitoring (CFS IIUM Gambang)(Cont'd)

- Water Tank Residential Buildings

PARAMETER		PH VALUE	BOD	COLOUR	TURBIDITY
UNITS		-	MG/L	CU	FAU
Feb-24	ST 3	7.60	1.00	Not Detected (Less Than 1)	1
	DINING HALL 3	8.10	2.00	Not Detected (Less Than 1)	1
	MAHALLAH FATIMAH	7.50	4.00	Not Detected (Less Than 1)	2
	IBN AL HAITAM	8.50	4.00	Not Detected (Less Than 1)	Not Detected (Less Than 1)
	AL KHALIL	7.70	4.00	Not Detected (Less Than 1)	3
Aug-24	DINING HALL 2	8.80	3.00	Not Detected (Less Than 1)	2
	MAHALLAH AISHAH	6.90	1.00	Not Detected (Less Than 1)	2
	MIMAR SINAN	9.30	3.00	6	Not Detected (Less Than 1)
	MASJID	8.60	Not Detected (Less Than 1)	Not Detected (Less Than 1)	2
	AL JURJANI	8.40	Not Detected (Less Than 1)	Not Detected (Less Than 1)	2

## SOCIAL

### Diversity

Zelan Group of Companies upholds equal opportunity, non-discrimination, and fair treatment for all employees, regardless of age, gender, ethnicity or nationality status. They create a diverse work environment, encourage teamwork and comply with the Malaysian Employment Act 1955. The Group supports projects and contracts with external contractors, reducing the need for a large in-house workforce.





## SUSTAINABILITY STATEMENT

### SOCIAL (CONT'D)

#### Board Diversity

The Board via the Nomination and Remuneration Committee (NRC), continuously reviews the size and composition of the Board to maintain effective governance at the Board level. Further details on this can be found on the Corporate Governance Overview Statement section. The Group also adhere to fair and objective hiring practices, ensuring non-discriminatory recruitment in appointing the new Directors for Zelan Group of Companies.

#### Percentage of Board and Employees by Gender and Age Group

Number (%)	31 December 2024				
	Gender		Age		
	Male	Female	<30	30-60	>60
Board of Directors	5 (83%)	1 (17%)	0(0%)	0(0%)	6 (100%)
<b>By Employee Category</b>					
Senior Management	1 (2%)	3(6%)	0 (%)	4 (8%)	0 (%)
Executives	33 (61%)	12 (22%)	17 (31%)	27 (50%)	1 (2%)
Non-Executives	3 (5%)	2 (4%)	0 (%)	5 (9%)	0 (%)
<b>Total</b>	<b>37 (68%)</b>	<b>17 (32%)</b>	<b>17 (31%)</b>	<b>36 (67%)</b>	<b>1 (2%)</b>

#### Percentage of Permanent Employee

	31 December 2024 (%)	
	Male	Female
Full-time permanent employee	9 (17%)	9 (16%)
Full-time contract-based employee	28 (52%)	8 (15%)

#### Percentage of Employee by Nationality

	31 December 2024 (%)	
	Male	Female
Malaysian	37 (69%)	17 (31%)
Non-Malaysian	N/A	N/A

SUSTAINABILITY STATEMENT

SOCIAL (CONT'D)

Percentage of Employee by Ethnicity

Malay employees make up to 96% of our workforce were Bumiputra, 2% Chinese 2% Indian.

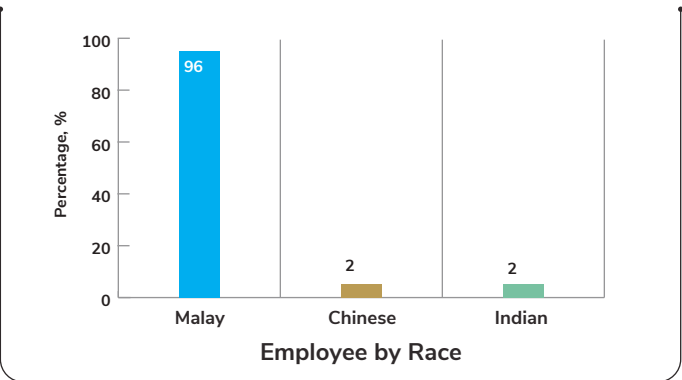


Figure 1

Percentage of Employee by length of service.

In the FYE 2024, our workforce varied in terms of the length of service. Approximately 63% of employees have served the Group for 1 to 4 years, while 9% have been with the Group for more than 5 years. 28% of our workforce has been working for more than 10 years. These new hires are primarily based at the Headquarters to provide support for projects.

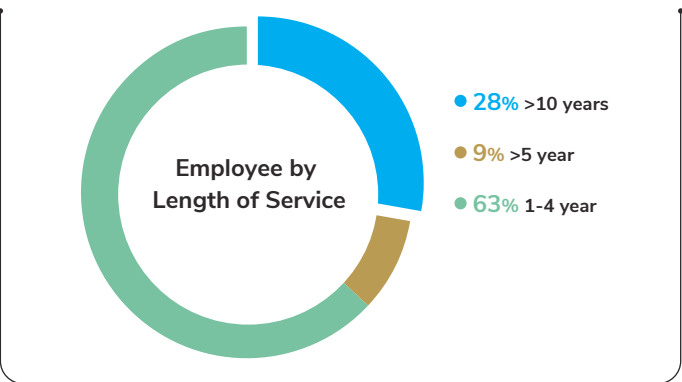


Figure 2

Training and Development

We provide ongoing learning and development opportunities, encompassing both technical and non-technical training, to help our employees enhance their knowledge and skills necessary for Construction and Non-Construction related segments.

Occupational Safety & Health (“OSH”) Awareness, Training and Safety Day

The Safety and Health welfare of the people are paramount to the Group. Therefore, to enhance safety awareness, the Group consistently provide OSH training and development programmes throughout the year for both employees and subcontractors. A series of on-the-job training sessions are conducted at project sites, covering topics like emergency response preparedness, safety operating procedures, working at height awareness, and environmental management systems. This ensures the employees are well-prepared and respond quickly in the event of emergencies, such as fire and explosion, chemical spillage and slope failure. Regular drills and briefings are also held to assess the effectiveness of site-specific Emergency Preparedness and Response Plan.



# SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

In FYE 2024, employees at CFS IIUM Gambang received a total of **115** hours of training on health and safety standards meanwhile employees at Headquarters have received a total of **203** hours of training. The total hours of training attended organised by Company is **318** hours.

### Training Attended by Employee Category

Employee Category	FYE 2024	FYE 2023
Senior Management	4 (8%)	4 (8%)
Executives	45 (83%)	44 (81%)
Non-Executives	5 (9%)	6 (11%)
<b>Total</b>	<b>54 (100%)</b>	<b>54 (100%)</b>

### Employee Benefits

To further support its employees, the Group offers competitive compensation packages and comprehensive benefits, including medical coverage, Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") coverage and other essential benefits. These efforts are designed to foster innovation, reward performance, and maintain employee morale, even during challenging times. By prioritising employee well-being and recognising their contributions, the Group not only enhances job satisfaction but also strengthens its ability to retain top talent. This focus on employee benefits plays an important role in our overall retention strategy, as it creates a supportive work environment where employees feel valued and motivated to stay. As a result of these efforts, we are able to effectively manage our workforce dynamics.

A summary of the number of turnover and new hires during the financial year is provided below:

Employee Category	31 December 2024	
	Turnover number	New hires number
Senior Management	2 (3.7%)	1 (1.9%)
Executives	4 (7.4%)	6 (11%)
Non-Executives	1 (1.9%)	0 (%)
<b>Total</b>	<b>7 (13%)</b>	<b>7 (13%)</b>

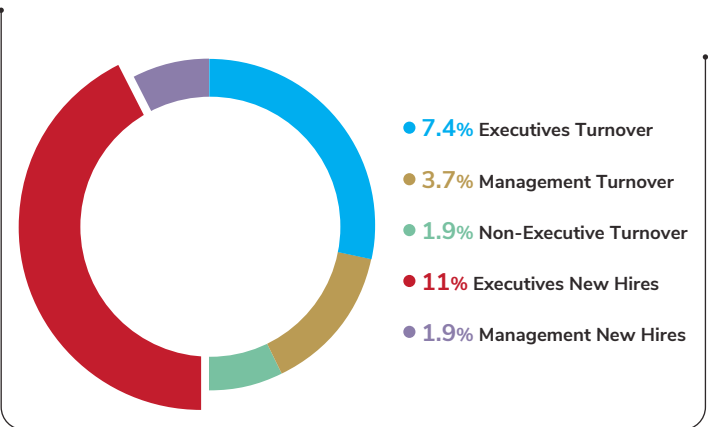


Figure 3

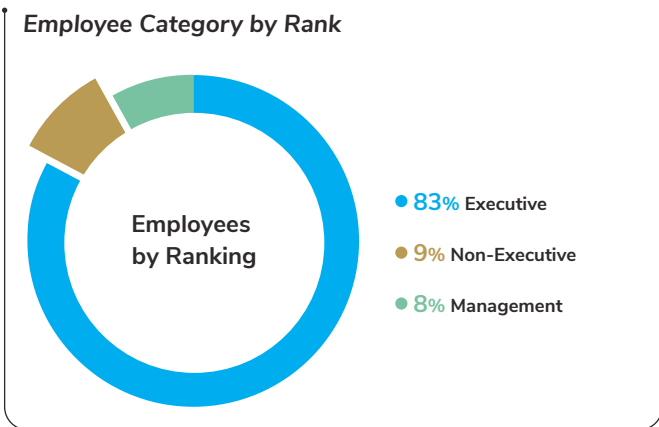


Figure 4

# SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

In terms of workforce breakdown, Management level is at 8%, Executive Level is at 83% and Non-Executive Level is 9%.

### Employee Labour Rights

Our company prioritizes employee support and a safe work environment, ensuring equal opportunities for career growth and a culture free from discrimination. The Group adhere to global labour standards and local regulations, ensuring secure and comfortable accommodations for their workers.

For the reporting year, the Group are pleased to announce that no substantiated complaints were received from any regulatory or official bodies in relation to violation to human rights of the workers.

	FYE 2024	FYE 2023
Number of substantiated complaints received	None Reported	None Reported

### Occupational Health and Safety

The Group are committed to protect the health and safety of their workers, subcontractors, tenants and the public relation to their property management and development business. As a player in construction and property management, the Group adhere to the principal health and safety legislation in Malaysia, the Occupational Safety and Health Act 1994 (OSHA). As such, the Group ensure that individuals tasked with responsibilities involving significant safety hazards receive the necessary training and skills, in line with the Safety and Health Policy.

#### Coordination OSH Committee – Legal Authority (BOMBA & DOSH & Suruhanjaya Tenaga)

The Group adheres to the legal requirements outlined in the OSH regulations. It maintains strong networking and relationships with local authorities such as the Malaysian Fire and Rescue Department (“BOMBA”), the Department of Occupational Safety and Health (“DOSH”), and the Energy Commission (“ST”). The Group regularly conduct OSH training and Fire Drills to enhance workplace safety awareness among employees and ensure compliance with regulations mandated by BOMBA, DOSH and ST.



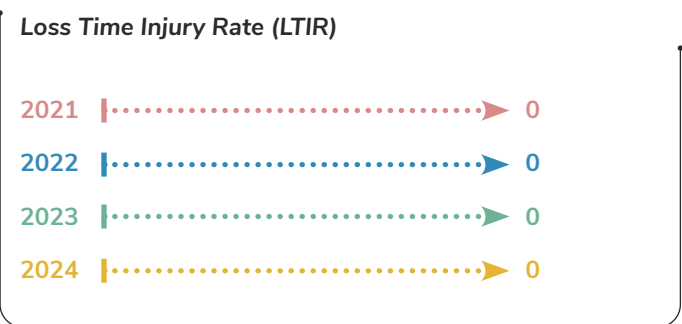


# SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

### Workplace Accidents

For the year under review, the Group achieved project safety objective of zero Loss Time Injury Rate (“LTIR”). Throughout all the projects and workplaces, including the involvement in Asset Management Services (“AMS”) projects at the CFS IIUM Gambang, there were no recorded incidents. The LTIR report is updated annually as part of the requirements of Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupation Disease (“NADOPOD”) Regulation 2004, for submission of the Jabatan Kesihatan dan Keselamatan Pekerja (“JKKP”) 8 Form to DOSH. In addition, the Group achieved Zero LTIR for work-related employee and contractor fatalities over the last 4 years for the IIUM, Gambang and SUKE projects.



Employee Category	FYE 2024 (%)	FYE 2023 (%)
Work-related fatalities (number)	0	0
Lost time incident rate	0.00	0.00

### Health, Safety and Environment (“HSE”) Committee

In accordance with the Occupational Safety and Health Act 1994, HSE Committees are established at Group work sites. These Committees, headed by project leaders serving as Committee Chairmen, are supported by competent Safety Health Officers (“SHOs”). They are tasked with reviewing workplace HSE performance across projects, ensuring engineering, safety, security, and environmental control maintenance. HSE Committee meetings for AMS at CFS IIUM Gambang are held quarterly.

## 1. Business Ethics

Zelan Group of Companies has established a Code of Ethics and Conduct (“Code”) to set out the ethical standards and conduct that are expected of the Group and its employees. The Code is applicable to all employees and directors of the Group and is available on the Company’s corporate website, accessible to all parties. The Code addresses various topics on business ethics and conduct, requiring employees to conduct themselves in a professional manner, and is supported by other relevant policies of the Group including the Staff Employment Policy Handbook.

## 2. Data Security and Privacy

Directors and employees are required to protect confidential and sensitive information related to Group acquired during their employment. The Group directors and employees are also strictly prohibited from disclosing such information unless authorised or legally required. This obligation extends beyond the termination of employment. As a responsible organization, the Group must ensure the information related to the projects, customers, and consumers remains secure and confidential. In addition, the Group prioritise providing their employees with the necessary training to manage sensitive information effectively. By fostering a culture of vigilance and responsibility, the Group ensures that the workforce is well-prepared to safeguard the confidentiality of the projects, thereby reinforcing the trust that the customers and partners place in the Group. In FYE 2024, there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data.

	FYE 2024	FYE 2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data (number)	0	0

# SUSTAINABILITY STATEMENT

## COMMUNITY INVESTMENT

The Group recognise the importance of supporting the employees and the communities in which the Group operate. The Group continues to be dedicated to philanthropic endeavours by providing materials and financial resources to the community and other nonprofit groups. Through the project execution and AMS, the Group are also dedicated to maximise the use of local labour and resources in order to boost economic activity. The Group are committed to extending these benefits to the communities where it operates, enhancing their well-being while advancing the goals of sustainable growth and development, both internally and externally.

CFS organized The International Conference on Future and Sustainable Education (ICFSE 2024) on 16-17 July 2024, focusing on Empowering Tomorrow: Fostering the future beyond boundaries. The event, held in Malaysia and Indonesia, combined research paper publication with a poster competition, promoting knowledge exchange and sharing experiences. The AMS Team assisted in setting up the venue and the management sponsored the event for humanity's benefit.

CFS IIUM Gampang organized the CFS Ibadah Camp 2024 for all staff, consisting of three different phases. The AMS Team contributed by providing technical advisory support and resources for venue preparation, while the Management sponsored the event through funding allocated for this purpose. On 8 May 2024, the Management also sponsored the CFS Takrim Day, an occasion designed to express gratitude to all IIUM CFS employees, coinciding with the Jamuan Hari Raya Aidilfitri 2024 at Al-Khwarizmi Hall. Additionally, CFS IIUM's Staff Tennis Team participated in the 45<sup>th</sup> Kejohanan Sukan Staf Universiti Malaysia (SUKUM) held at the University Malaysia Sabah (UMS) from 8 August to 17 August 2024. In response to their request for sponsorship for this event, the Management agreed to provide financial support to further bolster CFS IIUM's initiatives.

### Local Community Performance

	FYE 2024	FYE 2023
Amount invested in the community (RM)	4,100.00	18,600.00
Beneficiaries of the investment in communities (estimated number)	350.00	2,500.00

## SOCIAL CORPORATE RESPONSIBILITY

### Customer Satisfaction

The Group are committed to upholding the standards of excellence by ensuring the quality execution of projects and meeting all customer deliverables as outlined in the contracts. Currently, the Group hold accreditations for ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health & Safety Management) for providing Design and Construction Services for Building and Civil Engineering Works, along with related Construction Management activities. In addition, the AMS division conducts customer service assessments four times a year by gathering feedback from all staff and students of CFS IIUM Gampang to ensure continuous improvement and satisfaction.

## CONCLUSION

Moving forward, the Group are committed to the continuous improvement of the sustainability strategy and continue to seek opportunities that arise while prioritising to the lifting of the Company's from Practice Note 17 ("PN17") status. We will develop and enhance our sustainability by setting appropriate KPIs and adhere to reporting standards for sustainability disclosures. The Group aim to remain aligned with the evolving needs of the stakeholders and the broader sustainability landscape.

### Caring for People and Environment

Through social events and leisure pursuits, the Group will also place a strong priority on staff development, preserving employee morale, and creating a balanced atmosphere. To secure a sustainable future and to less the environmental impact, we will place a high priority on environmental stewardship, cutting carbon emissions and adhering to relevant policies to ensure a sustainable future and minimize the environmental footprint.

## ASSURANCE STATEMENT

Information in this statement has not been assured by the internal audit function or any other external assurance provider as the Company has no new project. We will be more focus on Economic, Environmental and Governance once the Company's PN17 status is uplifted.

# SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	0.00
Executives	Percentage	0.00
Non-Executives	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	5,642.10
<b>Bursa (Waste management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	0.70
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.10
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0.60
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	340,962.000000
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-60	Percentage	8.00
Senior Management Above 60	Percentage	0.00
Executives Under 30	Percentage	31.00
Executives Between 30-60	Percentage	50.00
Executives Above 60	Percentage	2.00
Non-Executives Under 30	Percentage	0.00
Non-Executives Between 30-60	Percentage	9.00
Non-Executives Above 60	Percentage	0.00
Gender Group by Employee Category		
Senior Management Male	Percentage	2.00
Senior Management Female	Percentage	6.00
Executives Male	Percentage	61.00
Executives Female	Percentage	22.00
Non-Executives Male	Percentage	5.00
Non-Executives Female	Percentage	4.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 30	Percentage	0.00
Between 30-60	Percentage	0.00
Above 60	Percentage	100.00





# SUSTAINABILITY STATEMENT

Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	115
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	62
Executives	Hours	256
Non-Executives	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	2
Executives	Number	4
Indicator	Measurement Unit	2024
Non-Executives	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	4,100.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	350
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	0.00
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	0.00
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00

Internal assurance   External assurance   No assurance

(\*) Restated

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Zelan Berhad (“Zelan” or the “Company”) recognises that corporate governance, ethical values and practices are essential and necessary to provide a framework for compliance of regulations and laws and best practices to enhance shareholders’ value, long-term sustainability and growth. In this context, the Board is wholly committed to ensuring high standards of corporate governance and ethics are implemented and practiced throughout the Group. The Board supports the principles expounded in the Malaysian Code on Corporate Governance 2021 (MCCG). This statement which provides an outline of the corporate governance practices of the Group pursuant to the principles set out in the MCCG for the financial year ended 31 December 2024 (“FY2024”), shall be read in conjunction with the Corporate Governance Report which is available on the Company’s website at [www.zelan.com](http://www.zelan.com).

This Corporate Governance Overview Statement (“CG Statement”) provides shareholders and investors with an overview of how Zelan Group of Companies has applied the 3 key Principles set out in the Code during the FY2024:



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### A1. Board Responsibilities

The Board is committed to ensuring that the Company’s purpose, values and high standards are set from the level of Chairman and all Non-Executive Directors, with the support of the management team, embedded throughout the Group. The Board is responsible for the effective leadership and long-term success of the Group. In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Policy Manual which outlines the roles and responsibilities of the Board. The Board also delegates certain responsibilities to the various Board Committees.

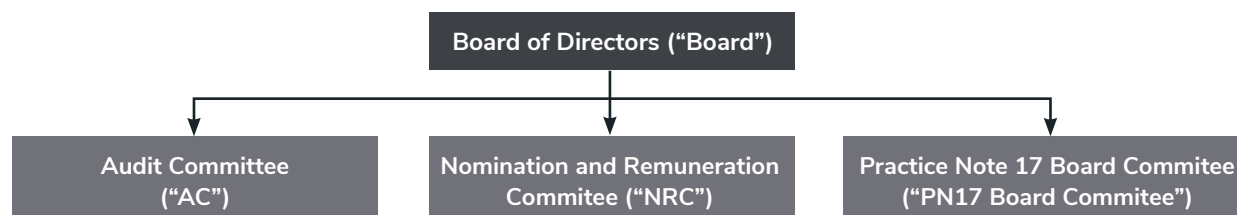
The Board leads the Group and plays a strategic role for the oversight and overall management of the Company. The Board’s key responsibilities include reviewing and approving strategic annual business plan and budget, overseeing the conduct of the Company’s business, investment proposals, compliance and accountability systems, core values and corporate governance practices of the Group in ensuring that the Group operates with integrity and in compliance with the rules and regulations. The Board Policy Manual is available at the Company’s website at [www.zelan.com](http://www.zelan.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A1. Board Responsibilities (Cont'd)

The Group's corporate governance structure consists of a set of structures, policies and procedures. The fundamental of this structure is the Board that is supported by three (3) Board Committees to which the Board has delegated specific responsibilities, namely Audit Committee, Nomination and Remuneration Committee and Practice Note 17 Board Committee. The following diagram shows a brief overview of the three (3) Board Committees of the Company, each of which is explained in further detail in this Corporate Governance Overview Statement:-



The Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board also receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings. The Board communicates its directions to Management through the Acting Chief Executive Officer ("ACEO"), who oversees the implementation. Management is responsible for the day-to-day management of the Group pursuant to the powers delegated by the Board, subject to compliance with the applicable laws and regulations.

The Board is responsible for the strategic direction, overseeing proper conduct of the Group's business, identifying principal risk and ensuring the implementation of systems to manage risks, succession planning, reviewing the adequacy and integrity of the Group's internal control systems and management information systems, establishing goals for management and monitoring achievement of these goals.

The Board is guided by the Board Policy Manual which acts as a source of reference and guideline to the Board for matters relating to the Board's organisation, responsibilities and procedures. The duties and responsibilities of the Board are as follows:

- Overseeing and evaluating the Group's strategic business plans, policies and performance which promote sustainability of the Group;
- Formulating succession plans for members of the Board and Management to ensure business continuity;
- Oversee and evaluate the conduct of business of the Company and the Group;
- Ensuring the integrity and effectiveness of the governance process of the Company as set out in the Malaysian Code of Corporate Governance;
- Ensuring that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- Establish a succession planning;
- Ensuring that there is in place an appropriate investor relations and communication policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagement with shareholders;
- Review the adequacy and the integrity of the management information and internal controls systems of the Company and the Group; and
- Review and ensure that transaction entered into with a related party is fair, reasonable and not to the detriment of minority shareholders.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A1. Board Responsibilities (Cont'd)

#### 1.1 Chairman of the Board

The Board is led by an experienced Chairman, who is accountable for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board as well as to ensure that all strategic and critical issues are discussed by the Board in a timely manner.

#### 1.2 Separation of the Positions of Chairman and Chief Executive Officer

On 21 November 2024, the Company appointed Puan Shareena binti Shahril as the Acting Chief Executive Officer ("ACEO") of the Group, whom is responsible for the daily operation of the Group with the guidance from the Board of Directors.

The ACEO assumes the role of CEO, ensuring a balance of authority and power. The Chairman leads the Board, while the ACEO oversees daily business operations and strategy implementation, promoting accountability and preventing concentration of decision-making power.

The Board is chaired by Dato' Anwar bin Haji @ Aji, who is able to provide effective leadership, strategic direction and necessary governance to the Group. Dato' Anwar bin Haji @ Aji had:-

- (a) provided a leadership to the Board;
- (b) led Board meetings and discussion in a manner to encourage constructive discussion and effective contribution from each Director;
- (c) reviewed the minutes of the Board meetings and matters arising from the minutes have been addressed; and
- (d) encouraged active participation from each Director.

#### 1.3 Qualified and Competent Company Secretary

The Board is supported by an experienced and competent Company Secretary who is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with, as well as that the governance structure of the Group remains relevant and effective. The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed, and deliberations and proceedings at the meetings are accurately recorded and well-documented. The Company Secretary also ensure that all resolutions, confirmed minutes of the Board and Board Committees signed by Chairman.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A1. Board Responsibilities (Cont'd)

#### 1.4 Access to Information and Advice

The Board has full and unrestricted access to all information within the Company on matters requiring information for deliberation. The Board may seek independent professional advice, at the Company's expense, if required in furtherance of their duties.

The notice of meeting is circulated at least seven (7) days prior to the meeting. The board papers are issued and emailed to members of Board in advance thus given sufficient time for the Board members to peruse the matters that will be tabled at the Board meeting and this enhances the overall decision-making process. Exceptions may be made for certain ad-hoc or urgent instances when Directors unanimously consent to a shorter notice period and elapsed timeframe for the provision of agenda papers.

The Acting Chief Executive Officer, Senior Manager Finance and Company Secretary would lead the presentation of board papers and provide comprehensive explanations of business plans, business performance, corporate proposals (if any), progress reports on operations in relation to the risk management and other pertinent issues.

The Board has full access to both internal and external auditors and received reports on audit findings via the Audit Committee. All matters raised, discussions, deliberations, decisions and conclusions including dissenting views made at the meeting are recorded in the minutes of meeting.

The Board is also regularly updated and kept informed by the Company Secretary and the Management on corporate disclosures and compliance with Company and Securities Regulations and Listing Requirements such as restriction in dealing with the Securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

#### 1.5 Board Meetings

During the FY 2024, the Board met eleven (11) times, comprising four (4) Board scheduled meetings and seven (7) Special Board meetings. The record of attendance of each Director at Board meetings held during the FY 2024 are as follows:

Name of Director	Attendance
Dato' Anwar bin Haji @ Aji	11/11
Datuk Puteh Rukiah binti Abd Majid	11/11
Encik Suhaimi bin Halim	10/11
Encik Mohd Shukor bin Abdul Mumin	11/11
Encik Amalanathan a/l L. Thomas	11/11
Dato' Mohd Redza Shah bin Abdul Wahid (Appointed on 28 November 2024)	1/1



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A1. Board Responsibilities (Cont'd)

#### 1.6 Code of Ethics and Conduct

The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The Code of Ethics and Conduct (the Ethics Conduct) which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.

The Ethics Conduct covers the areas of conflict of interest, confidential information, insider information and securities trading, protection of Group's assets and etc. The details of the Ethics Conduct are available for reference at the Company's website.

#### 1.7 Fit and Proper Policy

The Board has adopted a Directors' Fit and Proper Policy of the Company to ensure there are formal and transparent procedures for the appointment and re-election of directors of the Group of Companies. The Board is committed to ensuring that each of its directors has the character, integrity, experience, competence and time to effectively discharge his or her role as a director in tandem with good corporate governance practices. The details of the Directors' Fit and Proper Policy are available for reference on the Company's website.

#### 1.8 Whistleblowing Policy

The Board has established a Whistleblowing Policy to improve the overall organisational effectiveness and to uphold the integrity of the Group, which acts as a formal internal communication channel, where the staff may communicate in cases where the Group's business conduct is deemed to the contrary to the common values of the Group. The Group is committed to maintaining the highest possible standards of integrity, openness and accountability in the conduct of its businesses and operations within the Group and aspires to conduct its affairs in an ethical, responsible and transparent manner. The policy is intended to provide and facilitate a mechanism for any persons to report concerns related to any suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse of which they become aware and to ensure that the reporting person can report an allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation. All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action. The details of the Whistleblowing Policy are available for reference on the Company's website.

#### 1.9 Anti-Bribery and Anti-Corruption

The Board has formalised an Anti-Bribery and Anti-Corruption Policy, which outlines the responsibilities of the directors, officers and employees of the Group to uphold all laws to combat bribery and corruption and the procedures on anti-bribery and anti-corruption. The details of the Anti-Bribery and Anti-Corruption Policy are available for reference on the Company's website.

#### 1.10 Environmental, Economic and Social

Zelan Group of Companies acknowledges the importance of sustainability relating to environmental, economic and social ("ESS") including their risks and opportunities to/for our Group. The Group continuously and constantly communicates the targets and performances of the ESS to all the shareholders of the Group regardless internally or externally. Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Statement of the Annual Report 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition

The Board currently comprises six (6) directors which consist of four (4) Independent Directors and two (2) Non-Independent Directors. The ratio of Independent Directors on Board of Zelan fulfils the requirements of Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad which sets out that at least two (2) directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are Independent Directors.

The Board has established an evaluation procedure which is carried out to ensure that Independent Directors meet the criteria of Independent Directors set out in the MMLR and the effectiveness and contribution of each independent director. In the opinion of the Board as a whole, the Independent Directors have met the criteria set out in the MMLR. Each independent director has affirmed his independency and brings invaluable judgement to bear on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct for the Group.

#### 2.1 Independence

The Board supports the highest standards of corporate governance and the development of best practices for the Company. The concept of independence adopted by the Board is in line with the definition of an Independent Director under Paragraph 1.01 and Practice Note 13 of the MMLR of Bursa Securities, i.e. independent from management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Independent Non-Executive Directors are required to voice their reservations of any Board decisions in areas such as policies and strategies which could be detrimental to the interest of the minority shareholders.

#### 2.2 Tenure of Independent Directors

In determining the independence of individual directors, the Board, through the Nomination and Remuneration Committee, conducts an assessment of the Independent Directors of the Company annually. The Board noted that the provisions of Practice 5.3 of the MCCG recommend that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, if the Board intends to retain as an Independent Non-Executive Directors ("INED"), it should justify and seek annual shareholders' approval. The Board has not adopted a formal policy which limits the tenure of its Independent Directors to nine (9) years. The Board believes that the length of service of the Independent Directors on the Board does not interfere with their exercise of independent judgment and acts in the best interest of the Group, notably in discharging their roles.

The Board takes cognizance that the MCCG recommends that a person can serve as an Independent Director for not more than a cumulative tenure of twelve (12) years. All long-serving Independent Directors must resign or be redesignated as Non-Independent Directors. In compliance with MCCG, two (2) directors i.e Dato' Anwar bin Haji @ Aji and Datuk Puteh Rukiah binti Abd Majid were re-designated as a Non-Independent Non-Executive Director which is on 20 March 2025 and 15 April 2025 respectively, in view that their tenure of Independent Non-Executive Director of the Company has exceeded 12 years.

#### 2.3 Boardroom Diversity

The Board comprises members with relevant experiences and expertise drawn from various fields such as engineering, corporate finance, accounting, public services and legal. Together, the Board with their wide experiences and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the business direction of the Group. The composition of the Board is such that no individual or small group of individuals dominates the Board's decision-making.

The Board encourages and supports more women participation in the Company's decision-making positions whilst it continues to strive towards 30% women participation in the Board composition. Currently, there is one (1) women Director on the Board namely Datuk Puteh Rukiah binti Abd Majid. The Board will continue to evaluate the need for more Women Director.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition (Cont'd)

#### 2.4 Board Committees

The Board has established the following three (3) Board Committees to assist the Board to ensure orderly and effective execution of the roles and responsibilities of the Board:

- i) Audit Committee ("AC")
- ii) Nomination and Remuneration Committee ("NRC")
- iii) Practice Note 17 Board Committee ("PN17 Board Committee")

The Board has developed certain responsibilities and duties to the Board Committees which is clearly defined in the Terms of Reference. The Terms of Reference ("TOR") of the Board Committees is available at the Company website.

#### (a) Audit Committee ("AC")

The AC had discharged their functions and duties as set out in the TOR of the AC. The primary objectives of the AC are as follows:-

- to assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("Group") management of business, financial risk processes, accounting and financial reporting practices;
- to determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- serve as an independent and objective party from Management in the review of the financial information of the Group presented by Management for the distribution to shareholders and the general public;
- provide direction and oversight over the Internal and External Auditors of the Company to ensure their independence from Management; and
- to evaluate the quality of audits conducted by the Internal and External Auditors of the Group.

During the FYE 2024, the AC had met fourteen (14) times.

The Chairman of the AC and the Chairman of the Board are held by different individuals. This allow the Board to independently and objectively review the AC findings and recommendations. The composition of AC are as follows: -

Name	Designation	Directorship
Encik Suhaimi bin Halim	Chairman	Independent, Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Non-Independent, Non- Executive Director
Encik Amalanathan a/l L. Thomas	Member	Independent, Non-Executive Director

Encik Amalanathan a/l L. Thomas, a member of AC, is a member of the Malaysian Institute of Accountants ("MIA"), has vast experience in finance, internal controls and corporate advisory services to lead discussions and deliberations related to financial issues and to review results and statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition (Cont'd)

#### 2.4 Board Committees (Cont'd)

##### (b) Nomination and Remuneration Committee ("NRC")

The NRC comprises of three (3) members, namely as follows:-

Name	Designation	Directorship
Dato' Mohd Redza Shah bin Abdul Wahid	Chairman	Independent, Non-Executive Director
Encik Amalanathan a/l L. Thomas	Member	Independent, Non- Executive Director
Encik Suhaimi bin Halim	Member	Independent, Non- Executive Director

The NRC had discharged its functions and carried out its duties as set out in the TOR of the NRC. The primary objectives of the NRC are as follows:-

- to review and approve the appointment of the members of the Board of Directors ("Board"), members of Board Committees, Independent Non-Executive Director, Acting Chief Executive Officer and management personnel;
- to review and recommend to the Board the remuneration packages for the Acting Chief Executive Officer and management personnel; and
- assessing the performance of the Board and Board committees and management personnel.

The NRC has undertaken the following activities in the discharge of its duties:

- reviewed the Directors who were due for re-election by rotation and/or re-appointment;
- reviewed the Board's required mix of skills, current size and composition, experience and other qualities including the core competencies which Independent Non-Executive Directors should bring to the Board;
- deliberated on the findings of the assessments and reported the findings to the Board; and
- assessed the appointment of new Independent, Non-Executive Director.

During the FYE 2024, the NRC had met two (2) times.

#### Board Annual Evaluation and Effectiveness

During the FYE 2024, the Board, through the NRC, had carried out the annual assessment conducted internally and facilitated by the Company Secretary to review the effectiveness of the Board as a whole, Board Committees as well as the contribution of each individual director and assessment on the independence of the Independent Directors.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition (Cont'd)

#### 2.4 Board Committees (Cont'd)

##### (b) Nomination and Remuneration Committee ("NRC") (Cont'd)

###### Board Annual Evaluation and Effectiveness (Cont'd)

Based on the results of annual assessment, the Board was satisfied with the current composition of the Board and its committees in respect of their balanced mix of skills, experience and expertise, as well as individual director's personal attributes and contribution to the Board. The Directors will be evaluated based on the Board Evaluation Form and the results of annual assessment will be documented. The directors who are subject to re-election and/or re-appointment at the next Annual General Meeting ("AGM") shall be assessed by the NRC before recommendation is made to the Board and shareholders.

The NRC also will evaluate candidates for new appointment as Directors based on the fit and proper criteria before recommending to the Board for approval. The candidates will also be required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

##### (c) Practice Note 17 Board Committee ("PN17 BC" Board Committee)

The PN17 Board Committee comprises of three (3) members, namely as follows:-

Name	Designation	Directorship
Dato' Anwar bin Haji @ Aji	Chairman	Non-Independent, Non-Executive Director
Dato' Mohd Redza Shah bin Abdul Wahid	Member	Independent Non- Executive Director
Encik Amalanathan a/l L. Thomas	Member	Independent Non- Executive Director

The PN17 Board Committee had discharged its functions and carried out its duties as set out in the TOR to deal with all matters relating to PN17 status of the Company including:-

- Making assessment on the capability of the Financial Advisor and to recommend to the Board for the appointment of Financial Advisor;
- Reviewing and assessing the proposal submitted by Financial Advisor on Regularisation Plan for the Company to be uplifted from PN17 status and submit recommendation for the Board approval;
- To work with any relevant parties in connection with Regularisation Plan to uplift from PN17 status.

During the FYE 2024, the PN17 Board Committee had met one (1) time.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition (Cont'd)

#### 2.5 Director's Training

All members of the Board have attended the Mandatory Accreditation Program organised by Bursa Malaysia Securities Berhad ("Bursa Malaysia") and are aware of the requirements of the Continuing Education Programme set by Bursa Malaysia. The Directors also receive further training from time to time, particularly on the relevant new laws and regulations and changing commercial risks.

During the financial year under review, Directors attended at least one (1) training session, either organised internally by the Company or externally, as follows:

No.	Training/Workshop/Seminar Attended	Organiser	Date
1.	Bursa Saham Mandatory Accreditation Programme II	Bursa Academy	23 January 2024
2.	District Cooling Conference Day	Malaysia District Cooling Association (MDCA)	31 January 2024
3.	Conflict of Interest	MBM Resources Berhad	7 February 2024
4.	Educational Work Trip to USA – Mayo Clinic	KPJ Healthcare Berhad	27 May 2024 - 7 June 2024
5.	Mandatory Accreditation Programme Part II	Institute of Corporate Directors Malaysia (ICDM)	22 July 2024 - 23 July 2024
6.	KPJ Integrity Summit 2024	KPJ Healthcare Berhad	29 July 2024
7.	INCEIF Discourse Series – Wakaf in Malaysia	INCEIF University	1 August 2024
8.	ICDM Group Mentoring Training	Institute of Corporate Director Malaysia	21 August 2024
9.	JCorp Forum Leadership	JCorp	27 August 2024
10.	Malaysia REIT Forum 2024	Malaysian REIT Manager Association	10 September 2024
11.	Sharing Session: MCMC & Partners on Innovation Centre & Digital Transformation for Healthcare	MCMC & Partners	26 September 2024 (BOD Retreat)
12.	Aligning Risk Management to Strategy and Purpose	Institute of Corporate Directors Malaysia (ICDM)	7 October 2024
13.	Effective Risk Management	Malaysian Institute of Management (MIM)	25 October 2024
14.	Malaysian International Healthcare (MIH) Megatrends	KPJ Healthcare Berhad & KKM	25 – 27 October 2024
15.	Budget 2025	Malaysian Institute of Management (MIM)	11 November 2024
16.	Malaysian Anti-Corruption Commission Act & Section 17A Corporate Liability Provision	Malaysian Anti-Corruption Commission	11 November 2024



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### A2. Board Composition (Cont'd)

#### 2.5 Director's Training (Cont'd)

As at 31 December 2024, four Directors have completed the MAP Part II on building high-impact boards for sustainable growth, a new mandatory onboarding programme by Bursa Securities which Directors are required to complete by 1 August 2025.

### A.3 Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company for the FY 2024 are as follows:

Directors	Fees (RM)	Meeting Allowances for Board and Board Committees (RM)	*Other Allowances (RM)	**Benefit- In-Kind (RM)	Total (RM)
Dato' Anwar bin Haji @ Aji (Chairman)	99,000	15,000	291,000	56,687	461,687
Datuk Puteh Rukiah binti Abd Majid	76,000	27,000	-	-	103,000
Encik Suhaimi bin Halim	70,000	25,000	-	-	95,000
Encik Mohd Shukor bin Abdul Mumin	40,000	11,000	-	-	51,000
Encik Amalanathan L. Thomas	76,000	29,000	-	-	105,000
Dato' Mohd Redza Shah bin Abdul Wahid (Appointed on 28 November 2024)	3,716	2,000	-	-	5,716
<b>Total</b>	<b>364,716</b>	<b>109,000</b>	<b>291,000</b>	<b>56,687</b>	<b>821,403</b>

Notes:

\* Other Allowances comprises director's allowance, car allowance and entertainment allowance.

\*\* Benefit-in-kind comprises company driver, petrol, maintenance and mobile phone bill

#### 3.1 Remuneration of Senior Management

The Group is headed by Puan Shareena binti Shahril as Acting Chief Executive Officer.

The following are the Senior Management's remuneration for the FY 2024:

Ranges of Remuneration (RM)	Number of Senior Management
RM100,001 - RM 150,000	1

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be confidential, sensitive and proprietary. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by disclosure in RM50,000 bands.)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### B1. Audit Committee Composition

The Audit Committee primarily assists the Board in the review of financial reporting, internal control framework, risk management assessment and mitigation and evaluation of the performance and audit independence of the external auditors.

The Audit Committee comprises members from a wide range and diverse background in qualification, skills and experience necessary to discharge their duties. All of the members are financial literate and familiar with matters concerning property development and construction. All members of the Audit Committee have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices, and rules as and when required.

None of the current members of the Audit Committee is a former key audit partner of the auditors of the Group. Information on the Audit Committee is set out in the Audit Committee Report in this Annual Report

#### External Auditors

For the FY2024, the External Auditors has provided its written assurance to the Audit Committee that they are, and have been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.

The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors, Nexia SSY PLT, after considered the above appointment criteria for external auditors and the Board has recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting of the Company.

The External Auditors of the Company attended six (6) meetings with the Audit Committee for the FY2024 to discuss their audit plan and audit findings on the Company's yearly financial statements. During the meetings, the Audit Committee members also held two (2) private sessions with the external auditors without the presence of the Management to enable exchange of views on issues requiring attention.

### B2. Risk Management and Internal Control

The Board together with Management have established a risk management and internal control framework which is essentially designed to identify the risks that could impede the performance of the Group with mitigation strategies which include planning and taking steps to reduce the probability of the risks and severity of the risks. Information on the risk management and internal control framework is set out in the Statement on Risk Management and Internal Control in this Annual Report.

### B3. Internal Audit Function

The Group's internal audit function is outsourced to a professional service firm, PKF Risk Management Sdn. Bhd. The internal auditors perform its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control. The internal audit reports are presented to the AC for its review and deliberation. The AC will be briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The internal auditors report directly to the AC to ensure independency.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### C1. Communication with Stakeholders

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Company's latest financial performance and material business/corporate matters affecting the Company and the Group. The responsibility for the release of announcements and information by the Company to Bursa Securities, lies with the Senior Finance Manager, the Directors and/or the Company Secretary within the prescribed requirements of the Listing Requirements. The Company utilises a number of formal channels of communication to effectively disseminate information to shareholders and other stakeholders, particularly via annual reports, quarterly financial statements, annual audited financial statements and announcements from time to time. As these announcements and information can be sensitive, they are only released after having been reviewed and approved by the Board. All these announcements and other information about the Company are available on the Company's website which shareholders, investors and public may access.

#### C2. Conduct of Annual General Meetings ("AGM")

The AGM which is held once a year is the principal forum for dialogue with individual shareholders. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Company's operations for the financial year and outlines the prospects of the Company for the new financial year.

The external auditors of the Company are invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditors' Report.

The Company's upcoming AGM will be held at Komune Living & Wellness, No. 21, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Cheras, Kuala Lumpur on Wednesday, 11 June 2025 at 10:00 a.m. The notice of the AGM to be issued at least 28 days prior to the date of the meeting in accordance with the Malaysian Code on Corporate Governance 2021.

#### C3. Constitution of the Company

The Company had adopted a new Constitution pursuant to the provisions of the Act during the 43<sup>rd</sup> AGM held on 11 June 2019. The Company's Constitution defines the essential components of the structure of the Company and reins the relationship between the Company and its shareholders/shareholders. It regulates the manner in which a company is governed.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia the Board has given its assurance that the financial statements are prepared in accordance with the Act and the applicable approved accounting standards for each financial year which gives a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year. The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 62 to 66 of this Annual Report together with the details of the Company and the Group financial statements for the financial year 2024 which are set out on page 62-172 of this Annual Report.

### COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the MMLR of Bursa Malaysia. Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the Code as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the Code which have not been implemented during the financial year would be reviewed by the Board and be implemented where practical and relevant to the Group's business.

This Corporate Governance Overview Statement is made in accordance with a Resolution of the Board dated 28 April 2025.



# AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of Zelan Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2024 as follows:

## 1. MEMBERSHIP

The current composition of the Audit Committee is as follows:

Name of Director	Designation
Suhaimi bin Halim (Chairman)	Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Non-Independent Non-Executive Director
Amalanathan a/l L. Thomas	Independent Non-Executive Director

## ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2024, the Audit Committee met fourteen (14) times. The attendance of the Committee members is as follows:

Name of Director	Meetings Attended
Suhaimi bin Halim (Chairman)	14/14
Datuk Puteh Rukiah binti Abd Majid	14/14
Amalanathan a/l L. Thomas	14/14

The Audit Committee members also had two (2) private sessions with the external auditors without the presence of the management to enable exchange of views on issues requiring attention during the financial year under review.

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires all members of the AC to be Non-Executive Directors with a majority of them being Independent Directors. No alternate Director is appointed as a member of the AC. All members of the AC are financially literate. The Chairman of the AC, Encik Suhaimi bin Halim is an Independent, Non-Executive Director. The Chairman of the AC is not the Chairman of the Board. Hence, the Company complied with Paragraph 9.1 of the Malaysian Code on Corporate Governance, 28 April 2021.

Encik Amalanathan a/l L. Thomas has been a member of the Malaysian Institute of Accountants (“MIA”). The AC has adopted a policy whereby no former partner of the external audit firm of the Company shall be appointed as a member of the AC before observing a cooling-off period of at least three (3) years. This policy had been codified in the Terms of Reference of the AC. The Terms of Reference of the AC is available for reference on the Company’s corporate website at [www.zelan.com](http://www.zelan.com).

The internal auditors and the external auditors were invited to attend the AC meetings, when required, to explain and provide the AC with clarification on the activities involving their area of responsibilities. The AC Chairman briefs the Board on the proceedings of each AC meeting. The minutes of respective AC meetings were tabled at the subsequent meetings for confirmation.

# AUDIT COMMITTEE REPORT

## 2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Term of Reference ("TOR") of the AC were approved by the Board to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance ("the Code") 2021. Accordingly, AC discharged its functions and carried out its duties as set out in the TOR of the AC.

The TOR of AC is available for reference at the Company's website.

## 3. SUMMARY OF ACTIVITIES

In line with the TOR of the AC, the following activities were carried out by AC during the period under review:

- i) Reviewed the quarterly unaudited financial results and year-end financial statements of the Group before recommending for approval to the Board, focusing, amongst other matters on:
  - a) significant matters highlighted including financial reporting issues, significant judgements made by the management, significant and unusual events or transactions and how these matters were being addressed; and
  - b) compliance with accounting standards and other legal requirements.
- ii) Reviewed the external auditors' audit plan, scope of work and audit procedures to be adopted in the annual audit;
- iii) Reviewed and discussed with the external auditors the key audit matters raised from the results of the annual audit, management letter and audit report;
- iv) Reviewed the audited financial statements of the Group, which have been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") and Companies Act 2016 with the external auditors prior to submission to the Board for consideration and approval;
- v) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control, and recommended them to the Board for approval prior to the inclusion in the Annual Report;
- vi) Reviewed and approved the risk-based audit plan of internal auditors;
- vii) Reviewed and deliberated the internal audit reports tabled during the year, audit recommendations made and management's response to the recommendations. The AC briefed the Board on audit findings, sought clarifications from the Acting Chief Executive Officer on internal control matters and provided its opinions and recommendations on areas where improvements were needed;
- viii) Reviewed the results of the follow-up audits conducted by the internal auditors on the management's implementation of any audit recommendations made to ensure that corrective actions have been implemented in a timely manner; and
- ix) Reviewed, assessed and monitored the performance, competency and professionalism demonstrated by the external auditors. The AC was satisfied with the performance and audit independence of the external auditors and accordingly it was recommended to the Board for their re-appointment to be tabled for approval at the forthcoming Annual General Meeting.



## AUDIT COMMITTEE REPORT

### 4. TRAINING

During the period under review, all of the AC members have attended various seminars, training programmes and conferences. The list of trainings attended is disclosed in the Corporate Governance Overview Statement on page 48 of the Annual Report.

### 5. INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to PKF Risk Management Sdn. Bhd. ("the Internal Auditors"), an independent consulting firm, to carry out internal audit services for the Group. Internal audit reports and follow-up review reports are presented, together with management's response and proposed action plans to the AC on a quarterly basis.

The Internal Auditors undertake internal audit functions based on the operational, compliance and risk-based audit plan approved by the AC. The risk-based audit plans cover the review of the key operational and financial activities including the efficacy of risk management practices, efficiency and effectiveness of operational controls and compliance with relevant laws and regulations. Scheduled audits are carried out on subsidiaries of the Company in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

The cost incurred for the internal audit function of the Group for the FYE 2024 is RM76,000.00.

The internal audits conducted did not reveal any weakness which would result in material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

This AC Report is made in accordance with a Resolution of the Board dated 28 April 2025.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

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 controls and risk management of the Company during the financial year ended 31 December 2024. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD'S RESPONSIBILITY

The Board takes overall responsibility for oversight and is committed to maintaining a sound system of internal controls and effective risk management practices. The Board has established an on-going process for identifying, evaluating and managing the relevant and material risk of the Group. In discharging its responsibilities, the Board regularly reviews the results of this process, including risk mitigating measures taken by Management to address key risks. This includes reviewing the adequacy and integrity of financial reporting, operational, regulatory compliance and risk management procedures.

The Board affirms that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The risk management and internal controls system is designed to manage and mitigate risks with significant adverse impact on the achievement of the Group business objectives and therefore, can only provide a reasonable and not absolute assurance against material misstatements, financial losses or fraud.

## RISK MANAGEMENT

The Company has established the Enterprise Risk Management ("ERM") Policy and Framework ("ERM Policy and Framework") since November 2014. The ERM Policy and Framework sets out the process for managing risks and outlines how the Management ensures risks are managed effectively and efficiently across the Group.

The objectives of the ERM Policy and Framework are as follows:

- provide a policy and organisational structure for the management of risks within the Group;
- define risk management roles and responsibilities within the Group and outline procedures to mitigate risks;
- ensure consistent and acceptable risk management practices throughout the Group;
- define the reporting framework to ensure clear communication on all risk management activities and reporting;
- detail the approved methodology for risk assessment; and
- provide centralised consolidation of risk management data and reporting.

The ERM Policy and Framework assists the Board in reviewing and assessing overall risks related to the Group's business. The principal responsibilities of the Board include the following:

- ensure continuous development of the risk management system in the Group and supervise the implementation of risk management in compliance with the ERM Policy and Framework;
- ensure that risks identified are reviewed on a quarterly basis by the Board;
- decide on the status and further action on matters arising with regards to the identified risks; and
- review and enhance the Group's risk assessment process and risk management structure to sustain the ERM Policy and Framework and support the ongoing achievement of risk management objectives.





## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board continues to take measures to further strengthen the Group's risk management system as one of the means to achieve the Group's business objectives. During the year under review, the Risk Management Report was presented to the Board on a quarterly basis.

### Board and Board Committees

The Board has delegated authority to various Board committees such as the Audit Committee ("AC"), Nomination & Remuneration Committee ("NRC") and Practice Note 17 Board Committee ("PN17 Board Committee") to enable them to oversee certain specific responsibilities based on clearly defined terms of reference. Any change to the terms of reference for any Board committee requires Board approval. Further information on the Board committees is included in the Corporate Governance Overview Statement.

### Anti-Bribery and Corruption

In line with the Group's policy against bribery and corruption, the Group has put in place the Anti-Bribery and Corruption policy ("ABC Policy") to manage the processes in relation to bribery and corruption risks in the Group. Amongst others, the ABC Policy sets out the business conduct of the Group's directors, employees and third parties who have dealings or transactions with the Group by requiring them to adhere to the Code of Business Ethics (Vendors and Business Associates), the signing of the integrity pledges by Vendors and Business Associates and the Whistleblowing Policy. The Group's Anti-Bribery and Corruption and Code of Ethics & Conduct (Directors and Employees) and the Whistleblowing Policy can be found at the Group website [www.zelan.com](http://www.zelan.com).

### Internal Audit Function

The Internal Audit ("IA") function is carried out by an external independent firm of auditors ("Internal Audit") which independently reviews the adequacy and integrity of the Group's systems of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, with follow-up audits by Internal Audit to assess the status of implementation thereof by Management. A risk-based approach towards planning and conduct of audits was used by the Internal Auditors in prioritizing their review of the various risk areas of the Group.

The IA reviews the compliance with statutory/regulatory requirements, internal policies and procedures inclusive of the work processes/procedures for efficiency and effectiveness of the system of internal controls and risk management framework. The annual audit plan is reviewed and approved by the AC. The Internal Audit reports are tabled to the AC for review during its quarterly meetings.

In addition, the AC also reviews the internal audit functions with particular emphasis on the audit scope, the frequency of audits and the adequacy and knowledge of the resources. Further details of the activities undertaken by the AC are set out in the Audit Committee Report.

### ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Acting Chief Executive Officer that a review on the adequacy and effectiveness of the risk management framework and internal control system has been undertaken and the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD'S COMMITMENT

The structure of controls and operations will be continuously and gradually improved to ensure they remain adequate and relevant to the Company and Group activities. The Board remains committed to sustain a sound system of risk management and internal control and will, when necessary, recommend actions to further improve and enhance them.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system. AAPG 3 does not require the External Auditors to and they did not, consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

## CONCLUSION

The Board has reviewed the adequacy and effectiveness of the system of risk management and internal control and that relevant actions have been or are being taken, as the case may be, to remedy any significant weaknesses identified from the review based on the outcome of observations raised by the Internal Auditors and External Auditors directly to the AC. The Board is of the view that the risk management and internal control systems are satisfactory with no significant internal control deficiencies or weaknesses that would result in material losses or contingencies to warrant disclosure in the Group's Annual Report for the financial year under review.

This Statement is made in accordance with the Resolution of the Board dated 28 April 2025.



# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds

The Company did not raise any fund through any corporate proposal during the financial year. Therefore, there was no utilisation of proceeds for the financial year.

## Share Buy-Back

As at the date of this statement, the Company has not purchased any of its own shares.

## Options, warrants or convertible securities

No options, warrants or convertible securities were issued by the Company during the financial year.

## American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR Programme.

## Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

## Audit & Non-Audit Fees

During the financial year ended 31 December 2024, the amount of audit fees payable to the Company's External Auditors, Nexia SSY PLT (LLP0019490-LCA & AF002009) are as follows:

Details	Company
Statutory audit for Financial Year Ended 2024	RM340,000
Review of Statement on Risk Management and Internal Control	
<b>Grand Total</b>	<b>RM340,000</b>

## Profit Estimation, Forecast or Projection

There was no profit estimation, forecast or projection made or released by the Company during the financial year.

## Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

## Material Contracts

There was no material contracts entered into by the Company and/or its subsidiary companies involving Directors' or major shareholders' interests, during the financial year under review.

## Contracts Relating to Loan

During the financial year under review, there were no contracts relating to loan by the Company involving Directors and major shareholders.



# Our FINANCIAL Performance

## FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are as disclosed in Note 17 to the financial statements and comprise investment holding, property development, civil engineering and building turnkey contractor, piling and civil engineering contractor, construction of civil and building works, concession operator, asset and facilities management services, management and operation of motor vehicles parking facilities.

There have been no significant changes in the activities during the financial year other than as disclosed in Note 17 to the financial statement.

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the year	(252,257)	(35,321)
Loss attributable to:		
Owners of the Company	(252,234)	(35,321)
Non-controlling interests	(23)	-
	(252,257)	(35,321)

### DIVIDENDS

No dividends were paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2024.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.



# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### ISSUE OF SHARES AND DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### DIRECTORS

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

Dato' Anwar Bin Haji @ Aji \*  
 Datuk Puteh Rukiah Binti Abd Majid  
 Suhaimi Bin Halim  
 Mohd Shukor Bin Abdul Mumin  
 Amalanathan A/L L. Thomas  
 Dato' Mohd Redza Shah Bin Abdul Wahid (Appointed on 28.11.2024)

\* This Director is also a director of certain Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (excluding those directors listed above) are:

Irmaslia Binti Ibrahim  
 Mohd Ariff Bin Abd Samat (Appointed on 27.8.2024)  
 Yusrenawati Binti Mohd Yusof (Resigned on 27.8.2024)

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholding under Section 59 of the Companies Act 2016, the interests of Director in office at the end of the financial year in the ordinary shares of the Company is as follows:

	Number of shares in the Company			
	At 28.11.2024	Bought	Sold	At 31.12.2024
<b>Direct Interests</b>				
Dato' Mohd Redza Shah Bin Abdul Wahid	160,000	-	-	160,000

Other than the above, the other Directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### DIRECTORS' BENEFITS

In respect of the Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company and its related corporations, other than Directors' remuneration, as disclosed in Note 10 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit 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, except as disclosed in the financial statements.

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

### INDEMNITY AND INSURANCE COSTS FOR DIRECTORS, OFFICERS AND AUDITORS

#### (a) Directors and Officers

The Directors and Officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance of the Zelan Berhad Group for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company, and the total amount of indemnity coverage and insurance premium paid for the Directors and the Officers of the Group and of the Company are RM15,000,000 and RM36,000, respectively.

#### (b) Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. To the extent permitted by law, the Company has agreed to indemnify its auditors, Nexia SSY PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Nexia SSY PLT during the financial year and up to the date of this report.

### SUBSIDIARIES

Other than those subsidiaries with modified opinions in their auditors' reports as disclosed in Note 17 to the financial statements, the available reports on the accounts of the remaining subsidiaries did not contain any qualifications.



# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except that the Group made a provision for impairment amounting to RMRM252.0 million on the trade receivables amount which relates to the arbitration award against Meena Holdings LLC. As a result, the Group's total equity as of 31 December 2024 became a negative shareholders fund of RM93.1 million. The Group will address its negative shareholders' funds position and is expected to submit its regularisation plan by 31 October 2025, subject to approval of the extension of time application from Bursa Securities; and
- (b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### SIGNIFICANT AND SUBSEQUENT EVENTS

The details of significant and subsequent events are disclosed in Note 32 to the financial statements.

### AUDITORS

The auditors, Nexia SSY PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 11 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2025.

**Dato' Anwar Bin Haji @ Aji**  
Chairman

Kuala Lumpur

**Suhaimi Bin Halim**  
Director





# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	5	40,186	30,338	-	-
Cost of sales	6	(20,349)	(12,394)	-	-
Gross profit		19,837	17,944	-	-
Other income		619	15,494	1,340	-
Administrative expenses		(5,741)	(6,325)	(2,521)	(2,543)
Other expenses		(2,204)	(775)	(1)	(2)
(Allowance for)/reversal of impairment of financial assets and contract assets - net		(255,354)	(268)	(33,714)	941
Impairment loss of investment in an associate		-	(5,133)	-	-
Reversal of accrued interest		1,040	50,202	-	-
Finance income	7	17,346	19,071	-	-
Finance costs	7	(23,469)	(21,805)	-	-
Share of results of associates	18	-	-	-	-
(Loss)/profit before taxation and zakat	8	(247,926)	68,405	(34,896)	(1,604)
Taxation and zakat	12	(4,331)	(3,007)	(425)	-
Net (loss)/profit for the financial year		(252,257)	65,398	(35,321)	(1,604)
Other comprehensive income/(loss)					
<u>Items that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences:					
- net movement during the financial year		3,569	(6,124)	-	-
Total comprehensive (loss)/income for the financial year		(248,688)	59,274	(35,321)	(1,604)

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial year attributable to:					
Owners of the Company		(252,234)	65,380	(35,321)	(1,604)
Non-controlling interests		(23)	18	-	-
		(252,257)	65,398	(35,321)	(1,604)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(248,688)	59,278	(35,321)	(1,604)
Non-controlling interests		-	(4)	-	-
		(248,688)	59,274	(35,321)	(1,604)
(Loss)/earnings per share (sen)					
- Basic	13(a)	(29.85)	7.74		
- Diluted	13(b)	(29.85)	7.74		

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



# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	2,190	2,171	4	2
Right-of-use assets	15	361	535	-	-
Investment properties	16	20,610	20,330	-	-
Investment in subsidiaries	17	-	-	12,179	12,179
Investment in associates	18	-	-	-	-
Receivables, deposits and prepayments	19	327,601	368,886	-	-
Deposits, cash and bank balances	20	45,263	46,786	-	-
		396,025	438,708	12,183	12,181
<b>Current assets</b>					
Receivables, deposits and prepayments	19	60,056	310,366	119	37,359
Contract assets	21	-	3,548	-	-
Tax recoverable		27	81	-	-
Deposits, cash and bank balances	20	3,994	8,476	83	65
		64,077	322,471	202	37,424
<b>TOTAL ASSETS</b>		<b>460,102</b>	<b>761,179</b>	<b>12,385</b>	<b>49,605</b>

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

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	22	84,495	84,495	84,495	84,495
Reserves	23	(177,261)	71,427	(133,987)	(98,666)
<b>Equity attributable to owners of the Company</b>		<b>(92,766)</b>	155,922	<b>(49,492)</b>	(14,171)
Non-controlling interests		(331)	(331)	-	-
<b>(CAPITAL DEFICIENCY)/ TOTAL EQUITY</b>		<b>(93,097)</b>	155,591	<b>(49,492)</b>	(14,171)
<b>Non-current liabilities</b>					
Other liabilities	24	30,801	32,605	-	-
Borrowings	25	325,787	374,740	-	-
Provision for taxation	12	88	1,128	-	-
		<b>356,676</b>	408,473	-	-
<b>Current liabilities</b>					
Financial payables	24	134,484	150,618	61,470	63,776
Other liabilities	24	1,324	2,603	-	-
Borrowings	25	47,856	35,336	-	-
Provision for taxation	12	12,859	8,558	407	-
		<b>196,523</b>	197,115	<b>61,877</b>	63,776
<b>TOTAL LIABILITIES</b>		<b>553,199</b>	605,588	<b>61,877</b>	63,776
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>460,102</b>	761,179	<b>12,385</b>	49,605

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



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non-distributable				Distributable (Accumulated losses)/ retained earnings		Sub- total	Non- controlling interests	Total equity
	Share capital RM'000	Foreign exchange RM'000	Capital reserve RM'000	General reserve RM'000	Revaluation reserve RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
At 1 January 2024	84,495	(1,604)	35,458	4,261	1,155	32,157	155,922	(331)	155,591
(Loss)/profit for the financial year	-	-	-	-	-	(252,234)	(252,234)	(23)	(252,257)
Other comprehensive loss for the financial year	-	3,546	-	-	-	-	3,546	23	3,569
Foreign currency translation differences:	-	3,546	-	-	-	(252,234)	(248,688)	-	(248,688)
- net movement during the financial year	-	3,546	-	-	-	(252,234)	(248,688)	-	(248,688)
Total comprehensive income/ (loss) for the financial year	-	3,546	-	-	-	(252,234)	(248,688)	-	(248,688)
At 31 December 2024	84,495	1,942	35,458	4,261	1,155	(220,077)	(92,766)	(331)	(93,097)

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



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non-distributable				Distributable (Accumulated losses)/				
	Share capital	Foreign exchange	Capital reserve	General reserve	Revaluation reserve	retained earnings	Sub-total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
At 1 January 2023	84,495	4,498	35,458	4,261	1,155	(33,223)	96,644	(327)	96,317
Profit for the financial year	-	-	-	-	-	65,380	65,380	18	65,398
Other comprehensive loss for the financial year									
Foreign currency translation differences:									
- net movement during the financial year	-	(6,102)	-	-	-	-	(6,102)	(22)	(6,124)
Total comprehensive (loss)/ income for the financial year	-	(6,102)	-	-	-	65,380	59,278	(4)	59,274
At 31 December 2023	84,495	(1,604)	35,458	4,261	1,155	32,157	155,922	(331)	155,591

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



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Non-distributable			Distributable	
	Share capital	Capital reserve	General reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
At 1 January 2024	84,495	18,456	3,258	(120,380)	(14,171)
Loss for the financial year	-	-	-	(35,321)	(35,321)
At 31 December 2024	84,495	18,456	3,258	(155,701)	(49,492)
At 1 January 2023	84,495	18,456	3,258	(118,776)	(12,567)
Loss for the financial year	-	-	-	(1,604)	(1,604)
At 31 December 2023	84,495	18,456	3,258	(120,380)	(14,171)

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/profit before taxation and zakat		(247,926)	68,405	(34,896)	(1,604)
Adjustments for:					
Interest income		(505)	(480)	-	-
Accretion of interest on trade receivables		(16,841)	(18,591)	-	-
Interest expense		21,415	20,927	-	-
Over provision for late interest		-	-	-	-
Settlement interest		-	-	-	-
Unwinding of discount on receivables and payables		2,054	878	-	-
Fair value gain on investment properties		(280)	-	-	-
Gain on liquidation of associates		(144)	(90)	-	-
Allowance for/(reversal of) impairment loss on financial assets and contract assets:					
- Trade receivables		251,791	-	-	-
- Other receivables		232	11	-	-
- Amount due from an associate		-	257	-	-
- Amount due from subsidiaries		-	-	33,714	(941)
- Contract assets		3,331	-	-	-
Impairment loss on investment in associates		-	5,133	-	-
Unrealised foreign exchange gain – net		-	-	-	-
Property, plant and equipment:					
- Depreciation	14	61	77	1	2
- Gain on disposals		(35)	(243)	-	-
- Write-offs		1	-	-	-
Depreciation of right-of-use assets	15	174	159	-	-
Rental income		(160)	(195)	-	-
Reversal of accrued interest		(1,040)	(50,202)	-	-
Operating profit/(loss) before working capital changes		12,128	26,046	(1,181)	(2,543)
Decrease in receivables, deposits and prepayments		61,361	37,881	3,526	399
Decrease in contract assets		217	8,124	-	-

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



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities (Continued)</b>					
(Decrease)/increase in financial payables and other liabilities		(20,698)	(10,576)	(2,306)	2,075
Decrease in contract liabilities		-	(117)	-	-
Cash generated from/(used in) operations		53,008	61,358	39	(69)
Tax (paid)/refund - net		(1,016)	(2,435)	(18)	(25)
Net cash flows generated from/(used in) operating activities		51,992	58,923	21	(94)
<b>Cash flows from investing activities</b>					
Proceeds from disposals of property, plant and equipment		35	243	-	-
Proceeds from disposal of associates		144	90	-	-
Interest received from deposits and investment		505	480	-	-
Rental income received from investment properties		160	195	-	-
Purchase of property, plant and equipment		(81)	(18)	(3)	-
Net cash flows generated from/(used in) investing activities		763	990	(3)	-
<b>Cash flows from financing activities</b>					
Interest paid		(19,893)	(29,421)	-	-
Repayments of borrowings		(35,238)	(18,846)	-	-
Upliftment/(placement) of deposits pledged as security		1,521	(6,421)	-	-
Net cash flows used in financing activities		(53,610)	(54,688)	-	-
Net (decrease)/increase in cash and cash equivalents		(855)	5,225	18	(94)
Cash and cash equivalents at beginning of the financial year		8,312	3,435	65	159
Currency translation differences		(3,628)	(348)	-	-
Cash and cash equivalents at end of the financial year	20	3,829	8,312	83	65

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### Reconciliation of liabilities arising from financing activities (excluding bank overdraft):

Group	Term loan RM'000	Islamic- financing RM'000	Lease liabilities RM'000	Total RM'000
<b>2024</b>				
At 1 January 2024	66,681	342,810	562	410,053
<b>Financing activities</b>				
Additions	-	-	-	-
Repayments during the year	(2,924)	(32,144)	(170)	(35,238)
Interest paid	-	(19,864)	(29)	(19,893)
<b>Non-cash changes</b>				
Foreign exchange movement	(1,676)	-	-	(1,676)
Reversal of accrued interest	(1,040)	-	-	(1,040)
Interest charged	1,522	19,864	29	21,415
At 31 December 2024	62,563	310,666	392	373,621
<b>2023</b>				
At 1 January 2023	113,017	370,662	-	483,679
<b>Financing activities</b>				
Additions	-	-	694	694
Repayments during the year	(1,437)	(27,852)	(132)	(29,421)
Interest paid	-	(18,811)	(35)	(18,846)
<b>Non-cash changes</b>				
Foreign exchange movement	3,222	-	-	3,222
Reversal of accrued interest	(50,202)	-	-	(50,202)
Interest charged	2,081	18,811	35	20,927
At 31 December 2023	66,681	342,810	562	410,053

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





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 1. CORPORATE INFORMATION

Zelan Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are located at 24<sup>th</sup> Floor, Wisma Zelan, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000 Kuala Lumpur.

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are as disclosed in Note 17 and comprise investment holding, property development, civil engineering and building turnkey contractor, piling and civil engineering contractor, construction of civil and building works, concession operator, asset and facilities management services, management and operation of motor vehicles parking facilities.

There has been no significant changes in the activities during the financial year other than as disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2025.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information (Note 3).

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information have been rounded to the nearest thousand (RM'000) unless otherwise stated.

#### (a) Cash flows of the Group and of the Company

On 30 April 2023, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 2.1(d) of PN17 and Paragraph 8.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and that the Company is a PN17 Issuer effective 30 April 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

#### (a) Cash flows of the Group and of the Company (Continued)

The Company is required to submit a regularisation plan to the Bursa Securities within 12 months from the date of First Announcement. On 29 March 2024, the Company had submitted an application for an extension of time to submit its regularisation plan to Bursa Securities. On 2 May 2024, Bursa Securities granted an extension of time of 6 months up to 31 October 2024. Subsequently, on 25 October 2024, the Company submitted a further application for an extension of 9 months up to 31 July 2025. On 15 November 2024, Bursa Securities granted an extension of time of 6 months up to 30 April 2025 to submit the regularisation plan. The Company appointed Malacca Securities Sdn. Bhd on 21 March 2025 as the Principal Adviser for the regularisation plan pursuant to PN17 of the Listing Requirements. The Company on 17 April 2025 applied for a further extension of time of 6 months up to 31 October 2025 from Bursa Securities to submit a regularisation plan to the relevant regulatory authorities. As of the date of this report, the Company is awaiting for Bursa Securities' approval for the extension of time and the Company is currently in the process of formulating a plan to regularise its financial condition, as disclosed in Note 32(b).

The aforementioned events or conditions indicate that material uncertainties exist, which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors continued to prepare the financial statements on a going concern basis.

The validity of the going concern assumption is dependent upon the following:

- i) ability of the Group to generate sufficient cash from its operations;
- ii) monitor and manage the progress of its existing construction projects. The Group will engage the project owners on potential extension of time for the on-going projects which may be delayed;
- iii) re-evaluate current contracts to optimise potential revenue and progressively reduce costs on the job scopes and services provided;
- iv) negotiate with subcontractors on the terms and timing of settlement payments for on-going and completed projects;
- v) receipt of retention sums from the main contractor within 12 months after the current reporting date for completed projects;
- vi) development on key legal matters which are expected by end of 2025;
- vii) favourable outcome from the litigation as disclosed in Note 4(a); and
- viii) the Group's submission of the regularisation plan to the relevant regulatory authorities, subject to the approval of Bursa Securities on the Group's application for an extension of time to submit its regularisation plan.

As of the date of this report, there is no reason for the Directors to believe that their Group will not generate sufficient cash from its operations within the next twelve months from the reporting date to repay the existing borrowings and complete the projects in progress and meet working capital. Accordingly, the financial statements of the Group do include any adjustments relating to the recoverability and classification of the recorded assets amounts or to amounts and classification of liabilities that may be necessary if the Group is unable to continue as going concern.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

#### (b) Adoption of new and revised Malaysian Financial Reporting Standards ("MFRS") and interpretations ("MFRSs")

##### MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2024
Amendments to MFRS 16:	Leases	1 January 2024
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107:	Statement of Cash Flows	1 January 2024

##### MFRSs that have been issued but only effective for financial period beginning on 1 January 2025 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 121:	The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to MFRS 1:	First time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9:	Financial Instruments	1 January 2026
Amendments to MFRS 10:	Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107:	Statement of Cash Flows	1 January 2026
MFRS 18:	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19:	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investment in Associates and Joint Ventures	Deferred

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 Economic entities in the group

##### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9: Financial Instruments in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.1 Economic entities in the group (Continued)

##### (a) Subsidiaries (Continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

##### Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amounts of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

##### Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

##### (b) Associates

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

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the statement of comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.1 Economic entities in the group (Continued)

##### (b) Associates (Continued)

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account for its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

##### (c) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

##### Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. When the Group's share of losses in a joint venture equal or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.1 Economic entities in the group (Continued)

##### (c) Joint arrangements (Continued)

###### Joint ventures (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

###### Joint operations

In relation to the Group's interest in the joint operation, the Group recognises its direct right to the assets, liabilities, revenue and expenses and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

#### 3.2 Property, plant and equipment

Property, plant and equipment are initially stated at cost. They are subsequently stated at historical cost less accumulated depreciation and impairment losses except for, the land and buildings are subsequently stated at fair value. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Refer to accounting policy Note 3.13 on borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.2 Property, plant and equipment (Continued)

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Gains or losses on disposals are determined by comparing the net proceeds with the carrying amount and are included in the profit or loss.

Property, plant and equipment are depreciated on the straight-line method to allocate the cost or revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Buildings	2% - 10%
Furniture and fittings	10% - 33%
Motor vehicles	20% - 25%
Office equipment	10% - 33%
Plant and machinery	10% - 33%
Renovation	10% - 20%
Tools and equipment	10% - 33%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group carries out an assessment on residual values and useful lives of assets on an annual basis and there was no adjustment arising from the assessment performed in the financial year.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 3.7 on impairment of non-financial assets.

#### 3.3 Investment properties carried at fair value

Investment properties, comprising principally office buildings and carpark bays, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are measured at fair value with any changes in therein recognised for profit or loss for the period in which they arise. Where the fair value of the investment properties under construction is not reliably determinable, the investment properties under construction is measured at cost until fair value becomes reliably determinable or constructions complete, whichever is earlier.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.3 Investment properties carried at fair value (Continued)

When an item of inventories is transferred to investment properties following a change of its use, any difference arising as at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised as profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity, is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes that it is reclassified as inventories or property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The differences between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period which the item is derecognised.

#### 3.4 Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

##### As a lessee

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

##### **(a) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs, incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.4 Leases (Continued)

##### As a lessee (Continued)

##### **(b) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease terms reflect the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

##### **(c) Short-term leases and leases of low value**

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

##### **(d) Extension options**

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

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that creates an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.4 Leases (Continued)

##### As a lessor

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

#### 3.5 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

#### 3.6 Contract assets and contract liabilities

For each contract, contract asset is where the net amount of costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the net amount is presented as contract liability.

Contract liability includes downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

#### 3.7 Impairment of non-financial assets

The Group assesses at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment loss recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.7 Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 3.8 Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, deposits with financial institutions, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to financial instruments classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

##### Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

##### i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through then amortisation process and when the financial assets are impaired or derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.8 Financial instruments (Continued)

##### Financial assets (Continued)

##### ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.8 Financial instruments (Continued)

##### Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

##### ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

#### 3.9 Impairment of financial assets

At the end of each financial year, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.9 Impairment of financial assets (Continued)

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Group and all the cash flows that the Group expects to receive.

The Group measures the allowance for impairment loss on trade receivables, other receivables and contract assets based on the two-step approach as follows:

##### i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group measures the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

##### ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group reverts the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group applies the simplified approach in accordance with MFRS 9: Financial Instruments and measure the allowance for impairment loss based on lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

#### 3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statements of cash flows. In the statements of financial position, banks overdrafts are shown within borrowings in current liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.11 Share capital

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### Ordinary shares

Ordinary shares are classified as equity and are recorded as the proceeds received, net of directly attributable transaction costs.

##### Dividends distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distribution to holders of an equity instrument is recognised directly in equity.

#### 3.12 Earnings per share

##### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

##### (b) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 3.13 Borrowings and borrowings costs

##### (a) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.13 Borrowings and borrowings costs (Continued)

##### (a) Borrowings (Continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is capitalised as prepayment until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been 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 within finance costs.

Where the terms of borrowings are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### (b) Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.14 Employee benefits

##### Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.14 Employee benefits (Continued)

##### Post-employment benefits plan – defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The defined contribution plan of the Group relates to the contribution to the Employee Provident Fund (“EPF”), the national defined contribution plan.

The Group's contributions to the defined contribution plan are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

##### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

#### 3.15 Current and deferred income tax

Tax expense for the financial year comprises current and deferred tax. The income tax expense or credit for the financial year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.15 Current and deferred income tax (Continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates, joint ventures or joint operations except where the timing of the reversal of the temporary difference is controlled by the parent, investor, joint venture or joint operator and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the investor, joint venture or joint operator is unable to control the reversal of the temporary differences for associates, joint ventures or joint operations.

Only where there is an agreement in place that gives the investor, joint venture or joint operator the ability to control the reversal of the temporary differences, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 3.16 Provisions

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

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.17 Contingent liabilities and contingent assets

The Group does not recognise contingent assets and liabilities but discloses its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

#### 3.18 Foreign currencies

##### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation using the year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance cost. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other operating expenses.

##### Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.18 Foreign currencies (Continued)

##### Functional and presentation currency (Continued)

The principal closing rates used in translation of foreign currency amounts are as follows:

	2024	2023
	RM	RM
1 United Arab Emirates Dirham (AED)	<b>1.2185</b>	1.2497
1 Saudi Arabian Riyal (SAR)	<b>1.1914</b>	1.2240
1 Indian Rupee (INR)	<b>0.0525</b>	0.0552
1 Indonesian Rupiah (IDR)	<b>0.0003</b>	0.0003
1 United States Dollar (USD)	<b>4.4755</b>	4.5900

#### 3.19 Revenue and other income

##### Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts.

Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.19 Revenue and other income (Continued)

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

##### (c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

##### (d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

##### (e) Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

- (i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance obligation completed to-date; or
- (ii) Creates or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The disclosures of critical accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4(i).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.19 Revenue and other income (Continued)

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

The following describes the performance obligation in contracts with customers:

(a) Construction contracts

The Group's revenue from construction contracts is measured at fixed contract prices under the respective agreements with the project owners. The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

Revenue from construction contract is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date. The Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Group recognises revenue over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from the contract costs in determining the stage of completion. Such costs are presented as contract assets. Refer to accounting policy Note 3.6 on contract assets and contract liabilities.

(b) Sale of completed properties

The Group recognises revenue from sales of completed properties at a point in time when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(c) Concession arrangement

Under the Concession Agreement, the Group is engaged to construct the facilities and infrastructure and provide asset management services which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative standalone selling price of the considerations for each of the separate performance obligations. The Group recognised construction revenue over time as the project constructed has no alternative use to the Group and the Group has an enforceable right to the payment for the performance completed to-date. The stage of completion is measured using the input method as disclosed in Note 3.19(a) above. The Group recognises revenue from the provision of asset management services over the period in which the services are rendered.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.19 Revenue and other income (Continued)

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

##### (d) Car park rental

The Group recognises car park rental income from its management and operation of motor vehicles parking facilities. Car park rental income can be charged either on a fixed monthly amount which is collected in advance or based on fixed hourly rate for each entry into the parking facility. Revenue from car park rental income is recognised over the period in which the services are rendered.

##### (e) Asset Management Services

Revenue from asset management services is recognised based on the contractual amounts stipulated in the Concessionaire Agreement and is receivable over the concession period. The services include the Asset Management Programme, whereby fixed payments are made by the project owner into the Maintenance Reserve Fund ("MRF"). The MRF is utilised for asset replacement as and when required. Revenue attributable to the Asset Management Programme is recognised over time as services are rendered, in accordance with the contract values agreed with related and third parties.

##### Revenue from other sources and other income

Other income earned by the Group are recognised on the following basis:

##### (a) Interest income

Interest income from deposits at licensed financial institutions are recognised on an accrual basis, using the effective interest method.

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

##### (b) Rental income

Rental income from rental of premises is recognised over the term of the lease on a straight-line basis.

#### 3.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and measurement basis of segment information.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.21 Zakat

This represents business zakat payable by the Group. Zakat in the form of contribution is calculated according to the principles of Syariah, and zakat is set-off against total chargeable tax in the respective year of assessment.

#### 3.22 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is (continued):

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### 3.23 Fair value measurements

Fair value of an asset or 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3.23 Fair value measurements (Continued)

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: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### (a) Recoverability of the receivable balance from a project owner of the Group's project in Abu Dhabi

As disclosed in Note 19(f), the Arbitral Tribunal of the International Chamber of Commerce ("ICC") awarded *inter alia*, the sum of AED256.1 million (approximately RM285.4 million) ("Award") to the Group which included interests up to 1 June 2019 and further interests to be calculated at 9% per annum until full payment of the awarded sum.

Subsequently, the project owner filed an application to nullify the Award in the Abu Dhabi Commercial Court of Appeal ("ADCCA") on 26 August 2019. However, the application to nullify the Award was dismissed by the ADCCA on 17 December 2019. Dissatisfied with the decision, the project owner appealed its application to nullify the Award to the Supreme Court in Abu Dhabi known as the Cassation Court ("CAC") on 4 February 2020. The CAC dismissed the project owner's appeal on 30 April 2020. Meanwhile, the Group had earlier filed an application for ratification and execution of the Award at the ADCCA on 13 January 2020. With the decision of the CAC dismissing the project owner's appeal to nullify the Award, the ADCCA proceeded to grant the ratification and execution of the Award on 7 May 2020 in favour of the Group.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions (continued)

##### **(a) Recoverability of the receivable balance from a project owner of the Group's project in Abu Dhabi (Continued)**

The project owner then filed Grievance Application to the ADCCA on 10 June 2020. The said Grievance Application was dismissed by the ADCCA on 14 July 2020. Dissatisfied with the decision, the project owner then filed an Appeal against the decision to the CAC on 3 August 2020 and the Appeal was also dismissed on 25 October 2020. Accordingly, the Execution Court ("EC") in Abu Dhabi proceeded with the execution process of the Award by issuing an Order for Attachment of all bank accounts owned by the project owner through the United Arab Emirates ("UAE") Central Bank in Abu Dhabi on 25 October 2020. In addition to the attachment of all bank accounts, the EC granted an arrest order for the General Manager of the project owner summoning him to EC and disclose the financial standing and asset of the project owner. Efforts are still being made to locate the whereabouts of the General Manager of the project owner.

The Group's solicitors, Messrs Al Madhani & Al Shamsi ("MSLaw") had submitted an application to the EC to inquire from the Department of Municipalities and Transport ("DMT") as to whether there is any compensation has been paid by Abu Dhabi government to the project owner and/or any party on the demolition of the Project building.

MSLaw had also submitted an application to the Department of Economic Development ("DED") to inquire about the Memorandum of Association of the project owner, any amendments made thereto and its address.

On 20 February 2023, the Group received a revised Legal Opinion from MSLaw ("the Legal Opinion"). The Legal Opinion amongst others stated as follows:-

- (i) The results of the inquiries submitted to the respective government departments shall be completed within three (3) months;
- (ii) Upon receiving the results of the inquiries confirming that there is a compensation being paid and/or change of shareholder after the issuance of the Arbitration Award, there will be a good chance to establish and/or build up a potential legal action against the project owner or its shareholders or any related parties; and
- (iii) The next course of action will require approximately between 2 to 3 months for MSLaw to conduct detailed investigation and thereafter prepare the legal papers for the purposes of filing the same in Court. The Court will require between 6 to 12 months to deliver the Judgement.

On 13 March 2023, MSLaw had filed a complaint to expedite the response from the DMT. The response is being followed up by MSLaw.

On 30 March 2023, the Group was informed by MSLaw that based on the system of DED, the commercial license of the project owner has been renewed until 16 December 2023 and therefore MSLaw has submitted a request to inquire about the lease contracts issued in favor of the project owner to verify the location of the project owner, which is mentioned in the commercial license.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### Critical accounting estimates and assumptions (continued)

##### **(a) Recoverability of the receivable balance from a project owner of the Group's project in Abu Dhabi (Continued)**

Pursuant to the Solicitors' Confirmation Report issued by MSLaw dated 25 April 2023, MSLaw has set out therein the work plan for the coming months, in respect of the execution proceedings, amongst others as follows:-

- (i) To follow-up on the reply by the DMT on the Group's Project in order to seize any funds related to the Project;
- (ii) To follow-up on the receipt of the report on the lease contracts issued in favour of the project owner's company to seize the assets and headquarters of the company; and
- (iii) To follow-up to find out the former director(s) of the project owner who was/were in charge during the contract period in order to initiate any possible legal actions and procedures against him/them.

Upon receiving the response from DMT and DED, the Group's external solicitors will advise the Group on the next cause of action which may be taken against the project owner and/or any interested party.

On 10 August 2023, the Group was informed by MSLaw that DMT had not responded to the inquiries and the execution court issued a decision to compel the designated employee responsible for the DMT system to attach the correspondence in the court system.

On 23 August 2023, MSLaw submitted a complaint to the Execution Court to expedite the response from DMT.

On 4 September 2023, MSLaw updated that the court has responded the Group's requests whereby the court issued a new letter to the DMT to inquire about Meena Holdings LLC ("MH") and the Meena Plaza Project.

On 16 October 2023, the Group was informed by MSLaw that the decision has been issued for an urgent response from the DMT in Abu Dhabi regarding the correspondence issued to the DMT in the city of Abu Dhabi on 4 September 2023 inquiring about Meena Plaza Project and to provide information on whether the project is still ongoing or has been cancelled, and what compensation has been paid to the executing company, MH, and the original developer company, and the project owner in case of project cancellation.

On 24 October 2023, the Group was informed that DMT has not complied with the directive of the Judicial Department. Information from DMT is crucial to determine the ownership of the land where Meena Plaza was erected and the status of compensation to MH due to the demolition of Meena Plaza.

On 19 February 2024, the Group was informed that the trade license of MH expired on 16 December 2023 and inquired whether the Group would want to pursue legal action against the shareholders of MH.

On 26 February 2024, the Group had a meeting with MSLaw. The Group is exploring the possibility to initiate enforcement proceedings against the Central Bank of UAE and DMT for failing to comply with the order of the Execution Court. The Group is also contemplating to take action against the shareholders of MH.

On 19 April 2024, MSLaw also issued a letter to the Abu Dhabi Free Zone Authority issuing the order from the execution Court requesting that Abu Dhabi Free Zone Authority report any outstanding due to Meena within the legal timeframe. MSLaw further demanded that any amount due (if any) an injunction order be entered against the disposal or transfer of the said amount.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions (continued)

##### **(a) Recoverability of the receivable balance from a project owner of the Group's project in Abu Dhabi (Continued)**

The Company also makes effort to recover the arbitration award through diplomatic channels but did not yield any positive results.

The execution proceedings against Meena through the legal process and the recovery effort through the government, diplomats and private parties did not yield positive outcomes despite five years of continuous effort since the Arbitration award was issued. Based on the above, the Group has impaired the remaining balance of RM251,971,428 in the current financial year. This impairment reflects a prudent and conservative approach in line with applicable financial reporting standards, ensuring that the financial statements provide a fair and accurate representation of the Group's financial position. Nevertheless, the Group remains committed to exhausting all available avenues for recovery and will continue to make new efforts to recover the arbitration award against MH.

The carrying amount of the Group's receivables subsequent to the above impairment as at the reporting date, is disclosed in Note 19.

##### **(b) Depreciation of property, plant and equipment**

The Group depreciates property, plant and equipment over their estimated useful lives after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 3.2 reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(c) Impairment of property, plant and equipment**

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit ("CGU") to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

##### **(d) Valuation of property, plant and equipment and investment properties**

The Group carries property, plant and equipment and investment properties at cost less impairment loss; if any and at fair value, respectively, with changes in valuation of property either through revaluation reserve (if valuation increase) or, recognised in profit or loss (if valuation decrease) and fair value of investments properties being recognised in profit or loss. The Group engaged an independent and professionally qualified valuer to assess the valuation. For property, plant and equipment and investment properties, valuation methodologies based on open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms. The key assumptions used, if any to determine the valuation of the properties are provided in Notes 14 and 16.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions (continued)

#### (e) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### (f) Impairment of investment in subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiaries as at 31 December 2024 were RM12,179,394 (2023: RM12,179,394). Further details are disclosed in Note 17. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

#### (g) Impairment of investment in associates

Investments in associates corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each investment or CGU and an appropriate discount rate is required to be made. An impairment exists when the carrying amount of an investment or CGU exceed its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the investment or CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be material adjustments to the carrying amounts.

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

The Group reviews the recoverability of their financial assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates.

The Group has an informal credit policy in place and the exposure to the risk is monitored on an on-going basis through periodic review of the ageing of its financial assets. Credit evaluations are performed on all contracted financial assets. The Group closely monitors its financial strength to reduce the risk of loss. The Group monitors the credit quality of the financial assets individually based on the respective projects.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions (continued)

#### **(h) Provision for expected credit loss of financial assets at amortised cost (Continued)**

Management regards any financial assets having significant balances past due or more than 120 days to be deemed as having higher credit risk and as such, more focus are placed on such debts.

Information about the expected credit loss is disclosed in Notes 19 and 31(d).

#### **(i) Revenue recognition for construction contracts**

The Group recognises contract revenue based on input method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated costs for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractors and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts. In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Group's project managers, external consultants, where appropriate, and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractors.

The carrying amounts of the Group's contract assets and/or contract liabilities as at the reporting date are disclosed in Note 21.

#### **(j) Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The recognition of provision for income taxes for the Group and for the Company as at the reporting date are disclosed in Note 12.

#### **(k) Deferred tax assets**

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions (continued)

#### (k) Deferred tax assets (Continued)

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Subject to the agreement by Inland Revenue Board, the amounts of deferred tax assets not recognised in respect of temporary differences for the Group and the Company at the reporting date are disclosed in Note 12.

#### (l) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

### 5. REVENUE

Disaggregation of revenue from contracts with customers:

	Group	
	2024	2023
	RM'000	RM'000
Revenue from contracts with customers:		
- Construction contracts	4,415	2,720
- Asset management service	33,634	25,563
- Car park rental income	985	856
	<b>39,034</b>	<b>29,139</b>
Revenue from other sources:		
- Rental income	1,152	1,199
	<b>40,186</b>	<b>30,338</b>

The Group derives revenue from contracts with customers over time in Malaysia.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 6. COST OF SALES

	Group	
	2024	2023
	RM'000	RM'000
Construction contract costs	3,554	2,362
Asset management service	16,197	9,408
Upkeep of car park	598	624
	<b>20,349</b>	<b>12,394</b>

Construction contract costs for the financial year include the following:

	Group	
	2024	2023
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 14)	3	18
Staff costs (Note 9)	<b>1,715</b>	<b>1,725</b>

### 7. FINANCE INCOME AND FINANCE COSTS

	Group	
	2024	2023
	RM'000	RM'000
<b>Finance income</b>		
Interest income	505	480
Accretion of interest on trade receivables	<b>16,841</b>	<b>18,591</b>
	<b>17,346</b>	<b>19,071</b>
<b>Finance costs</b>		
Interest expense	<b>21,415</b>	<b>20,927</b>
Unwinding of discounts on receivables and payables	<b>2,054</b>	<b>878</b>
	<b>23,469</b>	<b>21,805</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 8. (LOSS)/PROFIT BEFORE TAXATION AND ZAKAT

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/profit before taxation and zakat is arrived at after charging/(crediting):</b>				
Auditor's remuneration (Note 11)	347	508	205	350
Directors' remunerations (Note 10)	821	832	821	832
Allowance for/(reversal of) impairment loss on financial assets and contract assets:				
- Trade receivables	251,791	-	-	-
- Other receivables	232	11	-	-
- Amount due from subsidiaries	-	-	33,714	(941)
- Amount due from an associate	-	257	-	-
- Contract assets	3,331	-	-	-
Impairment loss on investment in an associate	-	5,133	-	-
Property, plant and equipment:				
- Depreciation (Note 14)	61	77	1	2
- Gain on disposals	(35)	(243)	-	-
- Write-offs	1	-	-	-
Depreciation of right-of-use assets (Note 15)	174	159	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 8. (LOSS)/PROFIT BEFORE TAXATION AND ZAKAT (CONTINUED)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/profit before taxation and zakat is arrived at after charging/(crediting)(continued):</b>				
Gain on fair value of investment properties	(280)	-	-	-
Gain on liquidation of associates	(144)	(90)	-	-
Unrealised foreign exchange gain - net	-	(8,003)	-	-
Rental expense of land and premises				
- short term	98	194	-	-
Rental income	(160)	(195)	-	-
Recovery of counter-claim from sub-contractor	-	(6,963)	-	-
Reversal of accrued interest	(1,040)	(50,202)	-	-
Overprovision of late interest	(167)	-	-	-
Settlement interest	463	-	-	-
Staff costs (Note 9)	4,116	4,431	472	730

#### 9. STAFF COSTS

Staff costs excluding Directors' remunerations, are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	3,459	3,444	348	431
Defined contribution retirement plan	280	412	50	100
Other employee benefits	377	575	74	199
	4,116	4,431	472	730
Staff costs for the financial year are allocated as follows:				
Administrative expenses	2,401	2,706	472	730
Costs of sales (Note 6)	1,715	1,725	-	-
	4,116	4,431	472	730



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 10. DIRECTORS' REMUNERATIONS

The aggregate amount of emoluments received/receivable by the Directors of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
- fees	365	361	365	361
- other emoluments	456	471	456	471
	821	832	821	832

There were no Executive Directors during the current and previous financial years.

### 11. AUDITORS' REMUNERATIONS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Auditors of the Company</u>				
Statutory audit:				
- current year	340	450	205	300
- underprovision in prior years	-	50	-	50
	340	500	205	350
<u>Other auditors</u>				
Statutory audit:				
- current year	7	8	-	-
	347	508	205	350



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 12. TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Malaysian income tax</u>				
- current year	4,200	4,419	-	-
- under/(over) provision in prior years	131	(1,412)	425	-
	<b>4,331</b>	<b>3,007</b>	<b>425</b>	<b>-</b>

The reconciliation of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation and zakat	(247,926)	68,405	(34,896)	(1,604)
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	(59,502)	16,417	(8,375)	(385)
Tax effects of:				
- expenses not deductible for tax purposes	4,789	13,941	284	385
- income not subject to tax	(127)	-	-	-
- deferred tax assets not recognised during the financial year	59,040	-	8,091	-
- utilisation of previously unrecognised tax losses and allowances	-	(25,939)	-	-
Under/(over) provision in prior years	131	(1,412)	425	-
Tax expense for the year	<b>4,331</b>	<b>3,007</b>	<b>425</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 12. TAXATION (CONTINUED)

In accordance to the Inland Revenue Board, via its letter to Zelan Construction Sdn. Bhd. ("ZCSB"), there was an over deduction claim made on the group relief in relation to its business tax losses being surrendered to Zelan Holdings (M) Sdn. Bhd. ("ZHM") in the Year of Assessment 2014. ZCSB was instructed to make payments in 36 instalments from 15 November 2020 to 15 October 2023. Subsequently, ZCSB rescheduling request was approved on 27 January 2023 and the payment period was extended till 15 December 2026. Similar provision was made under ZHM.

	Group	
	2024	2023
	RM'000	RM'000
<b>Provision for taxation</b>		
Non-current	88	1,128
Current	12,859	8,558
	<b>12,947</b>	<b>9,686</b>

Subject to the agreement by Inland Revenue Board, the amounts of temporary differences as at the end of the reporting year are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	68	19	-	-
Unutilised capital allowances	31,379	39,777	-	-
Other temporary differences	275,134	20,785	641,069	607,355
	<b>306,581</b>	<b>60,581</b>	<b>641,069</b>	<b>607,355</b>
Deferred tax assets not recognised in respect of the above temporary difference due to uncertainties of realisation of profits	73,579	14,539	153,856	145,765



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 12. TAXATION (CONTINUED)

Unabsorbed tax losses which will expire in the following year of assessment:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
YA 2030	4	4	-	-
YA 2031	9	9	-	-
YA 2032	6	6	-	-
YA 2033	49	-	-	-
	<b>68</b>	<b>19</b>	<b>-</b>	<b>-</b>

The unabsorbed tax losses are allowed to be utilised for 10 (2023: 10) consecutive years of assessment while the unutilised capital allowances are allowed to be carried forward indefinitely.

### 13. (LOSSES)/EARNINGS PER SHARE

#### (a) Basic

The basic (losses)/earnings per share is arrived at by dividing the Group's (losses)/earnings attributable to the owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2024	2023
	RM'000	RM'000
(Losses)/earnings attributable to owners of the Company	<b>(252,234)</b>	65,380
	<b>Unit'000</b>	<b>Unit'000</b>
Weighted average number of ordinary shares in issue (Note 22)	<b>844,921</b>	844,921
Basic and diluted (losses)/earnings per share (sen)	<b>(29.85)</b>	7.74

#### (b) Diluted

For the diluted (losses)/earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

There is no dilution in the (losses)/earnings per share as at current and previous year ends as there are no dilutive potential ordinary shares outstanding at the end of reporting period, and therefore the basic and the diluted (losses)/earnings per share is the same.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 14. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Furniture and fittings RM'000		Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2024	2,398	1,189	907	7,183	1,668	1,528	1,788	16,661	
Additions	-	-	-	22	-	-	59	81	
Disposals	-	-	(447)	-	-	-	-	(447)	
Write-offs	-	(1,088)	(44)	(6,027)	(1,668)	(1,309)	(1,163)	(11,299)	
At 31 December 2024	2,398	101	416	1,178	-	219	684	4,996	
<b>Accumulated depreciation</b>									
At 1 January 2024	(251)	(1,179)	(907)	(7,169)	(1,668)	(1,528)	(1,788)	(14,490)	
Charge for the financial year	(46)	-	-	(12)	-	-	(3)	(61)	
Disposals	-	-	447	-	-	-	-	447	
Write-offs	-	1,088	44	6,026	1,668	1,309	1,163	11,298	
At 31 December 2024	(297)	(91)	(416)	(1,155)	-	(219)	(628)	(2,806)	
<b>Carrying amount</b>									
At 31 December 2024	2,101	10	-	23	-	-	56	2,190	



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Furniture and fittings							Tools and equipment		Total
	Buildings	and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>										
At 1 January 2023	2,398	1,189	1,381	7,165	1,668	1,528		1,788		17,117
Additions	-	-	-	18	-	-	-	-	-	18
Disposals	-	-	(474)	-	-	-	-	-	-	(474)
At 31 December 2023	2,398	1,189	907	7,183	1,668	1,528		1,788		16,661
<b>Accumulated depreciation</b>										
At 1 January 2023	(205)	(1,179)	(1,381)	(7,141)	(1,668)	(1,525)		(1,788)		(14,887)
Charge for the financial year	(46)	-	-	(28)	-	(3)		-		(77)
Disposals	-	-	474	-	-	-	-	-		474
At 31 December 2023	(251)	(1,179)	(907)	(7,169)	(1,668)	(1,528)		(1,788)		(14,490)
<b>Carrying amount</b>										
At 31 December 2023	2,147	10	-	14	-	-	-	-	-	2,171



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2024	40	634	30	704
Additions	-	3	-	3
At 31 December 2024	40	637	30	707
<b>Accumulated depreciation</b>				
At 1 January 2024	(40)	(632)	(30)	(702)
Charge for the financial year	-	(1)	-	(1)
At 31 December 2024	(40)	(633)	(30)	(703)
<b>Carrying amount</b>				
31 December 2024	-	4	-	4
<b>Cost</b>				
At 1 January 2023/31 December 2023	40	634	30	704
<b>Accumulated depreciation</b>				
At 1 January 2023	(40)	(630)	(30)	(700)
Charge for the financial year	-	(2)	-	(2)
At 31 December 2023	(40)	(632)	(30)	(702)
<b>Carrying amount</b>				
31 December 2023	-	2	-	2



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The additions of plant and equipment during the financial year are financed by:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash payments	81	18	3	-

(b) Depreciation charge for the financial year is allocated as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Administrative expenses	58	59	1	2
Cost of sales (Note 6)	3	18	-	-
	61	77	1	2

The Group's properties with net book values amounting to RM2,100,669 (2023: RM2,146,667) have been pledged against the Group's borrowings at the end of the reporting period, as disclosed in Note 25.

### 15. RIGHT-OF-USE ASSETS

	Group	
	2024	2023
	RM'000	RM'000
<b>Cost</b>		
At beginning of the year	694	-
Additions	-	694
At end of the year	694	694
<b>Accumulated amortisation</b>		
At beginning of the year	(159)	-
Charge for the financial year (Note 8)	(174)	(159)
At end of the year	(333)	(159)
<b>Carrying amount</b>	<b>361</b>	<b>535</b>

The Group leased 4 units of offices which run for 4 years (2023: 4 years).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 16. INVESTMENT PROPERTIES

	Group	
	2024	2023
	RM'000	RM'000
<b>At fair value</b>		
At the beginning of the year	20,330	20,330
Add: fair value adjustments	280	-
At end of the year	<b>20,610</b>	20,330

The fair value of the investment properties, categorised under Level 2 of the fair value hierarchy, was estimated at RM20,610,000 (2023: RM20,330,000) based on the valuation on 2 January 2025 by IPC Island Property Consultants Sdn. Bhd. (Registration Number: V(1)0057/1), an independent and professionally qualified valuer. Valuations were based on open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms.

Direct operating expenses arising from investment properties of the Group were RM840,848 (2023: RM971,759). Car park income and rental income arising from investment properties of the Group was RM2,238,174 (2023: RM1,644,226). The investment properties have been pledged against the Group's borrowings as at the end of the reporting period, as disclosed in Note 25.

### 17. INVESTMENT IN SUBSIDIARIES

	Company	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost	199,462	199,462
Less: Accumulated impairment loss	(187,283)	(187,283)
	<b>12,179</b>	12,179



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The shares of all subsidiaries are held directly by the Company unless as indicated below. Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Group's effective interest		Principal activities
		2024	2023	
Konsesi Pusat Asasi Gambang Sdn. Bhd.	Malaysia	100%	100%	Concession operator.
Zelan Corporation Sdn. Bhd.	Malaysia	100%	100%	Property development and management and operation of motor vehicles parking facilities.
Zelan Construction Sdn. Bhd. ^	Malaysia	100%	100%	Piling and civil engineering contractor.
Zelan AM Services Sdn. Bhd. ^	Malaysia	100%	100%	Asset and facilities management services.
Zelan Holdings (M) Sdn. Bhd. ^	Malaysia	100%	100%	Investment holding, civil engineering and building turnkey contractor.
Zelan Enterprise Sdn. Bhd.	Malaysia	100%	100%	Dormant.
<u>Subsidiary of Zelan Corporation Sdn. Bhd.</u>				
Zelan Development Sdn. Bhd. ^	Malaysia	100%	100%	Dormant.
<u>Subsidiaries of Zelan Holdings (M) Sdn. Bhd.</u>				
Sejara Bina Sdn. Bhd.*	Malaysia	100%	100%	Dormant.
PT Zelan Indonesia**	Indonesia	95%	95%	Dormant.
Zelan Construction (India) Private Limited+	India	100%	100%	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Company	Country of incorporation	Group's effective interest		Principal activities
		2024	2023	
<u>Subsidiaries of Zelan Enterprise Sdn. Bhd.</u>				
Eminent Hectares Sdn. Bhd.*	Malaysia	100%	100%	Investment holding.
Vispa Sdn. Bhd.*	Malaysia	-	100%	Dissolved.
<u>Subsidiary of Zelan Construction Sdn. Bhd.</u>				
Zelan ICOP Consortium Sdn. Bhd.*	Malaysia	100%	100%	Dormant.

Notes:

\* Audited by other firms of chartered accountants.

\*\* Last audited report and financial statement was for financial year ended 2016, and was audited by another firm of chartered accountants.

+ Dormant and statutory audit is not required in its jurisdiction where it was incorporated.

^ The auditors' report on the financial statements of this subsidiary contains modifications.

#### Impairment assessment of investments in subsidiaries

Investments in subsidiaries are assessed at each reporting period for any indicator that the investments may be impaired. Where such indicators exist, the recoverable amounts of the identified cost of investments are determined based on the higher of value-in-use calculation and fair value less costs to sell.

#### (a) Material partly-owned subsidiary

Set out below is the Group's subsidiary which have a material non-controlling interests:

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Capital deficiency of non-controlling interests	
	2024	2023	2024	2023	2024	2023
			RM'000	RM'000	RM'000	RM'000
PT Zelan Indonesia	5%	5%	(23)	18	(331)	(331)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (a) Material partly-owned subsidiary

Summarised financial information for subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

##### i Summarised statement of financial position

	2024 RM'000	2023 RM'000
Current assets	-	-
Current liabilities	(6,614)	(6,614)
Net liabilities	(6,614)	(6,614)
Loss attributable to:		
- Owners of the Company	(6,283)	(6,283)
- Non-controlling interest	(331)	(331)
	(6,614)	(6,614)

##### ii Summarised statement of profit or loss and other comprehensive income

	2024 RM'000	2023 RM'000
Revenue	-	-
(Loss)/profit for the year	(461)	352
Total comprehensive (loss)/income for the year	(461)	352
Total comprehensive (loss)/income attributable to:		
- Owners of the Company	(438)	334
- Non-controlling interest	(23)	18
	(461)	352

##### iii Summarised statement of cash flows

	2024 RM'000	2023 RM'000
Net cash generated from operating activities	-	-
Net increase in cash and cash equivalents	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 18. INVESTMENT IN ASSOCIATES

	Group	
	2024	2023
	RM'000	RM'000
<b>Carrying amount</b>		
At beginning of the year	-	5,133
Impairment loss charged	-	(5,133)
At end of the year	-	-
Unquoted shares, at cost	2,356	2,356
Share of post-acquisition reserves	5,133	5,133
	7,489	7,489
Less: Accumulated impairment loss	(7,489)	(7,489)
	-	-

The associates are individually not material to the Group. The Group's share of revenue, results, assets and liabilities of the associates are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Loss after taxation/total comprehensive expenses (including non-controlling interests)	-	-
Current assets	-	-
Current liabilities	-	-
Net assets	-	-

In respect of the Group's investment in the IJM-Sunway Builders-Zelan-LFE Engineering Consortium ("Consortium"), the Group has contractual obligations to share all benefits, profits, risks, liability and losses derived from its participation in the Consortium based on their respective shareholding proportion, including share of loss of the Consortium in excess of the Group's interest in the Consortium.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 18. INVESTMENT IN ASSOCIATES (CONTINUED)

In the previous financial year, the Group recognised share of loss of an associate of RMNil and impairment loss of RM5,133,593.

Details of the Group's associates are as follows:

Name of Company	Country of incorporation	Group's effective interest		Principal activities
		2024	2023	
<u>Associates of Zelan Holdings (M) Sdn. Bhd.</u>				
IJM-Sunway Builders Zelan-LFE Engineering Consortium*	Malaysia	25%	25%	Dormant.
Zelan Arabia Co. Ltd.**	Saudi Arabia	40%	40%	Under liquidation.
<u>Associate of Sejara Bina Sdn. Bhd.</u>				
Essential Amity Sdn. Bhd.***		50%	50%	Under liquidation.

\* Audited by another firm of chartered accountants

\*\* On 30 November 2018, a resolution was passed to liquidate the entity. As at 31 December 2024, the Group is still in the process of liquidating the entity.

\*\*\* Applied for Members' Voluntary liquidation at Companies Commission of Malaysia on 23 December 2027. Subsequent to the financial year end, on 31 March 2025, the liquidation has been completed. Therefore the winding up exercise is deemed completed.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Financial receivables</b>				
Trade receivables	352,790	394,075	-	-
Less: Accumulated impairment loss	(25,189)	(25,189)	-	-
	327,601	368,886	-	-
Amount due from an associate	439	439	-	-
Less: Accumulated impairment loss	(439)	(439)	-	-
	-	-	-	-
Amount due from subsidiaries	-	-	567,067	567,067
Less: Accumulated impairment loss	-	-	(567,067)	(567,067)
	-	-	-	-
Receivables, deposits and prepayments	327,601	368,886	-	-
<b>Current</b>				
<b>Financial receivables</b>				
Trade receivables	388,710	393,831	-	-
Less: Accumulated impairment loss	(335,719)	(88,876)	-	-
	52,991	304,955	-	-
Other receivables and deposits	5,604	8,088	9	10
Less: Accumulated impairment loss	(3,254)	(3,022)	-	-
	2,350	5,066	9	10
Amount due from subsidiaries	-	-	74,002	77,517
Less: Accumulated impairment loss	-	-	(74,002)	(40,288)
	-	-	-	37,229
Advances to subcontractors	-	132	-	-
Prepayments	4,715	213	110	120
Receivables, deposits and prepayments	60,056	310,366	119	37,359



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

- (a) Amount due from an associate is trade in nature.
- (b) Amount due from subsidiaries are mainly inter-company advances and payments made on behalf of the subsidiaries which are unsecured, interest-free and are repayable on demand.
- (c) Included in the non-current and current trade receivables of the Group is the retention sum on contracts of RM9,206,107 and RM6,218,216 (2023: RM8,967,224 and RM12,436,433) which are from local projects.
- (d) Other receivables mainly related to security for cost related to arbitration and accrued fixed deposits interest.
- (e) Trade receivables of the Group include concession income receivable from a project owner in Malaysia amounting to RM334.5 million (2023: RM377.1 million), of which RM297.2 million (2023: RM341.4 million) is expected to be received after twelve months from the end of the financial year over the remaining concession period of 10 years which expires in 2035. Accordingly, the amount of RM297.2 million (2023: RM341.4 million) has been classified as a non-current receivable. The expected timing of the receipt has been considered in arriving at the carrying value of the net receivables.
- (f) In respect of the Group's project in Abu Dhabi, United Arab Emirates ("UAE"), the Group issued a notice of termination to the project owner in Abu Dhabi, UAE, on 17 September 2015, to terminate the Group's employment following the defaults by the project owner, who failed to pay an amount of AED27.6 million (approximately RM31.1 million), being the certified amounts of works done and materials at site owing by the project owner to the Group under the certificates of payment in accordance with the provisions of the contract and the project owner's continuous interference with the valuation and/or certification of the Group's progress claims. The project owner disputed the termination and counter-claimed for the costs and losses, which include repair works, consultants and third-party fees, standstill cost, return of advance payment and loss of rental and revenue.

The Group proceeded with the arbitration proceedings against the project owner.

On 29 July 2019, the Group received a decision from the Arbitral Tribunal of the ICC which was in favour of the Group. Accordingly, the Arbitral Tribunal of the ICC awarded the Group the following:

- The sum of AED256.1 million (approximately RM285.4 million) which includes interest up to 1 June 2019;
- Pre-award interest from 1 June 2019 until 25 July 2019 in the sum of AED52,964 (approximately RM59,046);
- Parties' costs in the sum of AED8.4 million (approximately RM9.6 million);
- ICC Costs of Arbitration in the sum of USD585,000 (approximately RM2.4 million); and
- Post-award interest on the AED256.1 million, the parties' costs and ICC Costs of Arbitration at the rate of 9% per annum after the date of the arbitration award until full payment by the project owner.

Subsequently, the project owner filed an application to nullify the Award in the Abu Dhabi Commercial Court of Appeal ("ADCCA") on 26 August 2019. However the application to nullify the Award was dismissed by the ADCCA on 17 December 2019. Dissatisfied with the decision, the project owner appealed its application to nullify the Award to the supreme court in Abu Dhabi known as the Cassation Court ("CAC") on 4 February 2020. The CAC dismissed the project owner's appeal on 30 April 2020. Meanwhile, the Group had earlier filed an application for ratification and execution of the Award at the ADCCA on 13 January 2019. With the decision of the CAC dismissing the project owner's appeal to nullify the Award, the ADCCA proceeded to grant the ratification and execution of the Award on 7 May 2020 in favour of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(f) (Continued)

The project owner then filed its Grievance Application to the ADCCA on 10 June 2020. However, the said Grievance Application was dismissed by the ADCCA on 14 July 2020. Dissatisfied with the decision, the project owner then filed an Appeal against the decision to the CAC on 3 August 2020 and the Appeal was also dismissed 25 October 2020.

Accordingly, the Execution Court ("EC") in Abu Dhabi proceeded with the execution process of the Award by issuing an Order for Attachment of all bank accounts owned by the project owner through the United Arab Emirates ("UAE") Central Bank in Abu Dhabi on 25 October 2020.

In addition to the attachment of all bank accounts, the EC granted an arrest order for the General Manager of the project owner summoning him to EC and disclose the financial standing and assets of the project owner. Efforts are still being made to locate the whereabouts of the General Manager of the project owner.

Significant efforts have been made to recover the awarded sum, including execution proceedings filed in the Execution Court of Abu Dhabi with the assistance of solicitors and relevant authorities both in Abu Dhabi and Malaysia. Diplomatic channels have also been engaged in the efforts to recover the awarded sum. Despite these ongoing efforts, the Group has assessed the recoverability of the awarded sum and determined that there is an uncertainty on the recoverability of the awarded sum. Given the prolonged nature of the recovery process and the inherent challenges involved, the Group has decided to fully impair the awarded sum. The Group will continue to make further effort to recover the arbitration award from the project owner.

During the financial year, the Group has impaired the remaining balance of RM251,971,428.

(g) Included in other receivables of the Group is an amount of RM202,136 (2023:RM128,023), representing interest earned on the Maintenance Reserve Fund deposited in a bank account held in trust by a subsidiary.

### 20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	45,263	46,786	-	-
Cash and bank balances	3,994	8,476	83	65
Deposits, cash and bank balances	49,257	55,262	83	65
Less:				
- Reserved funds and deposits pledged as security	(45,263)	(46,786)	-	-
- Restricted	(143)	(141)	-	-
- Bank overdraft (Note 25)	(22)	(23)	-	-
	(45,428)	(46,950)	-	-
Cash and cash equivalents	3,829	8,312	83	65



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 20. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Deposits, cash and bank balances are analysed as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
- Restricted	14,462	13,978	-	-
- Reserve fund	30,801	32,808	-	-
	45,263	46,786	-	-
<b>Current</b>				
- Restricted	143	141	-	-
- Not restricted (Note 31(e))	3,851	8,335	83	65
	3,994	8,476	83	65
<b>Total</b>	49,257	55,262	83	65

(a) Included in deposits placed with licensed banks are:

- (i) RM13,705,437 (2023: RM13,215,137) which represents Finance Service Reserve Fund pledged until full settlement of the banking facilities, granted to the Group as at the reporting date;
- (ii) RM30,800,800 (2023: RM32,808,410) which represents Maintenance Reserve Fund in respect of a subsidiary's concession and are funds held in trust to be utilised pursuant to the Concession Agreement until the expiry of the said concession;
- (iii) RM302,569 (2023: RM310,317) which have been pledged to secure banking facilities, primarily for performance guarantee facilities granted to the Group as at the reporting date; and
- (iv) RM453,649 (2023: RM452,523) which represents Financial Service Reserve Account solely operated under Master Facility Agreement.

(b) Included in the cash and bank balances of the Group is RM143,224 (2023: RM140,823) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Contract and Licensing) Act, 1966) that may only be used in accordance with the said Act.

(c) The interest rates of deposits, bank and cash balances that were effective at the reporting date were as follows:

	Group		Company	
	2024	2023	2024	2023
	%	%	%	%
Deposits placed with licensed banks	2.20 - 3.70	2.20 - 3.70	-	-
Bank balances	0.20 - 0.67	0.30 - 0.67	0.20	0.32

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 21. CONTRACT ASSETS

	Group	
	2024	2023
	RM'000	RM'000
<b>Contract assets</b>		
Construction contracts	28,541	28,758
Less: Accumulated impairment losses	(28,541)	(25,210)
	-	3,548

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date.
- (b) The contract liabilities relate to advance considerations received from customers for construction contracts of which the revenue will be recognised over the remaining contract term of the specific contracts it relates to. There are no contract liabilities as at the reporting date.
- (c) The changes to contract assets balance during the financial year are summarised below:

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	3,548	11,555
Revenue recognised in profit or loss during the year:		
- Construction contracts	4,416	2,720
Billings to customers during the year	(4,633)	(10,727)
Impairment losses on contract assets	(3,331)	-
At end of the year	-	3,548
Represented by:		
Contract assets	-	3,548

- (d) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) at the reporting date, are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Within 1 year	25,327	26,120





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 22. SHARE CAPITAL

	Group and Company			
	2024 Unit'000	2023 Unit'000	2024 RM'000	2023 RM'000
<b>Issued and paid-up ordinary shares</b>				
At beginning/end of the year	<b>844,921</b>	844,921	<b>84,495</b>	84,495

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

### 23. RESERVES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Foreign exchange reserve	(a)	<b>1,942</b>	(1,604)	-	-
Capital reserve	(b)	<b>35,458</b>	35,458	<b>18,456</b>	18,456
General reserve	(b)	<b>4,261</b>	4,261	<b>3,258</b>	3,258
Revaluation reserve	(b)	<b>1,155</b>	1,155	-	-
Accumulated losses		<b>(220,077)</b>	32,157	<b>(155,701)</b>	(120,380)
		<b>(177,261)</b>	71,427	<b>(133,987)</b>	(98,666)

- (a) Exchange translation differences have arisen from the translation of net assets of foreign branches and foreign subsidiaries.
- (b) These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves, transfer of warrants reserve upon expiry of warrants and transfer of profits to a statutory reserve by certain overseas subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Other liabilities</b>				
Advances received from contract customers	<b>30,801</b>	32,605	-	-
<b>Current</b>				
<b>Financial payables</b>				
Trade payables	<b>119,012</b>	128,669	-	-
Amounts due to subsidiaries	-	-	<b>59,989</b>	62,117
Amount due to related parties	<b>7,397</b>	8,227	<b>1,071</b>	1,071
Amount due to joint venture partners	<b>511</b>	511	-	-
Other payables and accruals	<b>7,564</b>	13,211	<b>410</b>	588
	<b>134,484</b>	150,618	<b>61,470</b>	63,776
<b>Other liabilities</b>				
Advances received from contract customers	<b>1,124</b>	2,398	-	-
Others	<b>200</b>	205	-	-
	<b>1,324</b>	2,603	-	-

- (a) Advances received from contract customers are repayable to project owners for completed projects.
- (b) Non-current advances received from contract-customers represents Maintenance Reserve Fund ("MRF") of RM30,800,800 (2023: RM32,605,360) held in trust and any unutilised balance in the MRF at the expiry of concession period will be returned to the Concession Grantor.
- (c) Amounts due to related parties, subsidiaries and joint venture partners which comprises trade and non-trade balances are unsecured, interest-free and are repayable on demand.
- (d) Other payables and accruals comprise mainly arbitration and professional fees payable for the project in Abu Dhabi and provision for litigation claims.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 25. BORROWINGS

		Group	
	Note	2024 RM'000	2023 RM'000
<b>Non-current</b>			
Lease liabilities (unsecured)			
- between 1 and 3 years	(a)	210	392
Islamic financing (secured)	(b)		
- between 1 and 3 years		70,432	70,432
- between 3 and 5 years		79,456	79,456
- 5 years above		116,050	160,778
		265,938	310,666
Term loan (secured)	(c)		
- between 1 and 3 years		59,639	63,682
		59,639	63,682
		325,787	374,740
<b>Current</b>			
Lease liabilities (unsecured)	(a)	182	170
Islamic financing (secured)	(b)	44,728	32,144
Term loan (secured)	(c)	2,924	2,999
Bank overdraft (unsecured)		22	23
		47,856	35,336
<b>Total</b>			
Lease liabilities (unsecured)	(a)	392	562
Islamic financing (secured)	(b)	310,666	342,810
Term loan (secured)	(c)	62,563	66,681
Bank overdraft (unsecured) (Note 20)		22	23
		373,643	410,076

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 25. BORROWINGS (CONTINUED)

#### (a) Lease liabilities (unsecured)

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	562	-
Additions	-	694
Interest expense recognised in profit or loss	29	35
Repayment of principal	(170)	(132)
Repayment of interest	(29)	(35)
At end of the year	392	562
<b>Analysed by:</b>		
Non-current	210	392
Current	182	170
	392	562

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2024	2023
	RM'000	RM'000
<b>Minimum lease payments</b>		
- not later than 1 year	201	199
- later than 1 year and not later than 5 years	217	418
Total minimum lease payments	418	617
Less: Future finance charges on lease liabilities	(26)	(55)
Present value of lease liabilities	392	562
<b>Present value of minimum lease payments</b>		
- not later than 1 year	182	170
- later than 1 year and not later than 5 years	210	392
Total present value of minimum lease payments	392	562
Less: Amount due within 12 months	(182)	(170)
Amount due after 12 months	210	392



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 25. BORROWINGS (CONTINUED)

#### (b) Islamic financing (secured)

##### (i) Bank guarantee facility (Group and Company)

In respect of the bank guarantee facility, the existing Performance Bond amounting to RM12,880,410 (2023: RM12,880,410) (5% of the contract sum) in relation to the Construction of the Proposed Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) Project - Package CB2: CH.15000 to CH.16700 ("SUKE Project") for a contract sum of RM257.6 million remain unchanged at the end of the reporting year. Certain of the Group's properties have been pledged against the facility at the end of the reporting year, as disclosed in Notes 14 and 16. On 5 October 2024, the bank guarantee facility was cancelled, and all associated obligations and liabilities were duly terminated and discharge of charge is still ongoing.

##### (ii) In December 2012, the Group secured an Islamic financing facility which is based on the principles of Bai' Istisna ("BIS") amounting to RM321,900,000 from a local financial institution. This facility is used to finance a local concession project ("project") of the Group.

On 22 January 2019, the facility has been restructured into Tawarruq Facility amounting to RM448,600,000 after the acceptance of the project by IIUM. The tenure of the facility is over a period of 15.7 years based on Base Financing Rate plus a fixed margin of 1.20% (2023: 1.20%) per annum and after the expiry of moratorium period, the profit rate shall be based on Cost of Fund plus a fixed margin of 0.55% (2023: 0.55%) per annum.

The facility is secured by:

- The Master Facility Agreement;
- A debenture incorporating a first fixed charge and floating charge over all present and future assets;
- Assignment of rights, title, interest and benefits in respect of initial payment, availability charges, asset management services charges, reimbursement of cost, project land, designated accounts and takaful/insurances;
- Irrevocable Letter of Undertaking to complete the project in accordance to the concession agreement; and
- Completion guarantee from the main contractor.

The profit rate of the facility is charged based on the cost of funds plus a fixed margin. The profit of the facility will be payable upon commencement of instalment payment.

#### (c) Term loan (secured)

In 2016, the Group restructured the rectification bond and performance bond drawdown in January 2016 by a project owner in Abu Dhabi of AED92,500,000 (approximately RM104,200,000) into a secured term loan amounting to AED87,200,000 (approximately RM98,200,000).

On 25 July 2017, the financial institution approved the Group's application to restructure the loan repayment schedule which will be repayable over a period of two years up to June 2019.

On 25 March 2018, the financial institution approved the Group's revised repayment terms which will be for the period up to October 2019. The final repayment which will be due in October 2019 will include residual principal plus accrued non-penal interest.

The interest rate of the term loan is based on Emirates Interbank Borrowing Rate ("EIBOR") plus a fixed margin and will vary when there is a revision made to the EIBOR. The interest on the term loan is payable together with the final instalment payment.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 25. BORROWINGS (CONTINUED)

##### (c) Term loan (secured) (Continued)

On 16 March 2021, the Group has obtained approval from the financial institution to restructure the facility. The outstanding term loan amount shall be paid in 47 instalments of varied amounts commencing 31 January 2021 until 31 October 2024 (final repayment date) with the following conditions:

- No restrictions on pre-payment;
- Any moneys received from Meena Holdings LLC should be used towards settlement of the principal outstanding; and
- Should the full amount be repaid on or before 31 October 2024, the full outstanding interest will be waived in full.

In the previous financial years, the Group did not meet the repayment instalment of the term loan and has requested the financial institution to restructure the term loan in view of the delay in recovery of arbitration award from Meena Holdings LLC of RM328,449,835 (2023: RM336,859,876) (Notes 4(a), 19(f) and Note 27 foreign projects). On 24 April 2023, the Group obtained confirmation from the financial institution that it has temporary stop charging interest and default interests on the outstanding term loan. The financial institution also confirmed that they are currently reviewing the restructuring request and will reply by the second quarter of 2023.

On 15 December 2023, the Group signed the Rescheduling Agreement Amendment ("Rescheduling Agreement") with the bank to restructure the existing loan. Based on the Rescheduling Agreement, the outstanding term loan amount shall be paid in thirty (30) monthly instalments commencing 31 October 2023 until 31 March 2026 (final repayment date). The instalments comprise twenty-nine (29) equal instalments of AED200,000 and a final lump sum payment covering the remaining outstanding balance.

The revised terms are as follows:

- interest shall accrue as payment-in-kind ("PIK Interest") with EIBOR + 1% margin. The PIK Interest shall become due and payable on the final repayment date;
- default interest of 2% remain the same as per the last agreement; and
- all other terms as per previous agreements.

##### (d) The effective contractual interest rates (per annum) at the reporting date are as follows:

	Group	
	2024	2023
	%	%
Lease liabilities	6.05	6.05
Bank overdraft	8.35	8.35
Islamic financing	6.05	6.05
Term loan	5.51-6.46	6.34



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 26. SIGNIFICANT RELATED PARTIES DISCLOSURES

Significant transactions and balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

(a) Significant related parties transactions

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Rental of office premises receivable from a subsidiary of a corporate shareholder of the Company (non-trade):</b>				
- MMC Engineering Services Sdn. Bhd.	830	828	-	-
<b>Advances given to/ (repayment of advances from) subsidiaries (non-trade):</b>				
- Zelan Holdings (M) Sdn. Bhd.	-	-	-	31
- Konsesi Pusat Asasi Gambang Sdn. Bhd.	-	-	(5,416)	(542)
- Zelan Construction Sdn. Bhd.	-	-	225	(256)
- Zelan Corporation Sdn. Bhd.	-	-	(121)	(6)
- Zelan Enterprise Sdn. Bhd.	-	-	-	(130)
- Zelan AM Services Sdn. Bhd.	-	-	(2,233)	3,304

(b) Significant financial year end related parties balances

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Amount due from subsidiaries</b>				
- Konsesi Pusat Asasi Gambang Sdn. Bhd.	-	-	-	37,229
	-	-	-	37,229
<b>Amount due to subsidiaries</b>				
- Zelan Construction Sdn. Bhd.	-	-	54,845	54,620
- Sejara Bina Sdn. Bhd.	-	-	2,433	2,433
- Zelan Am Services Sdn. Bhd.	-	-	162	2,394
- Zelan Development Sdn. Bhd.	-	-	405	405
- Eminent Hectares Sdn. Bhd.	-	-	163	163
- Zelan Corporation Sdn. Bhd.	-	-	1,019	1,140
- Zelan Enterprise Sdn. Bhd.	-	-	962	962
	-	-	59,989	62,117



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 26. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) Significant financial year end related parties balances (Continued)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Amount due to related parties</b>				
- MMC Corporation Berhad	840	840	840	840
- MMC Tepat Teknik Sdn. Bhd.	231	231	231	231
- MMC Engineering Services Sdn. Bhd.	6,326	7,156	-	-
	<b>7,397</b>	<b>8,227</b>	<b>1,071</b>	<b>1,071</b>
<b>Amount due to joint venture partners</b>				
- Balanced Engineering & Construction Pte. Ltd.	60	60	-	-
- ICOP Consortium Sdn. Bhd.	451	451	-	-
	<b>511</b>	<b>511</b>	<b>-</b>	<b>-</b>

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties. The outstanding balances of the related parties, if any together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and thus are considered related parties of the Group and of the Company. Key management personnel refer to the Directors of the Company (Note 10) and other senior management personnel.

The remuneration of the Directors of the Group and the Company is disclosed in Note 10 and the remuneration of other senior management of the Group and the Company during the financial year was as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries and bonuses	416	636	318	636
Defined contribution retirement plan	46	76	35	76
	<b>462</b>	<b>712</b>	<b>353</b>	<b>712</b>
Estimated monetary value of benefits-in-kind	14	20	10	20
	<b>476</b>	<b>732</b>	<b>363</b>	<b>732</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS

Details of the significant litigations during the financial year are as follows:

#### Projects in Malaysia

- (a) In relation to a project in Malaysia, a subsidiary company, Zelan Construction Sdn. Bhd. ("ZCSB") had filed a Notice of Arbitration dated 25 March 2019 against its subcontractor. The sub-contractor had on 24 April 2019 filed a response and counterclaim for RM19,418,937 against ZCSB for the unpaid certified invoices, retention sum, outstanding variation order and GST.

Subsequently, on 6 November 2019, ZCSB submitted its Statement of Case, inter-alia claiming as follows:

- (i) Declaration that the Certificate of Practical Completion was properly revoked by ZCSB;
- (ii) Declaration that the sub-contractor failed to achieve practical completion of the works in accordance with the Contract;
- (iii) Declaration that ZCSB is entitled to step-in as provided under Clause 40A of the Contract;
- (iv) Payment of RM8,269,219 being liquidated damages for the sub-contractor delay in completing its Works from 1 July 2015 to 22 December 2015;
- (v) Payment of RM17,393,875 being liquidated damages for the sub-contractor delay in completing its Works from 1 July 2015 to 30 June 2016;
- (vi) Direct cost, losses, expenses and/or damages which incurred by ZCSB amounting to RM45,774,742;
- (vii) Payment of RM186,283,268 for other costs, losses, expenses and/or damages incurred by ZCSB;
- (viii) Consultant fees and petty cash amounting to RM617,175 incurred by ZCSB;
- (ix) Electricity charges amounting to RM3,446,341 incurred by ZCSB;
- (x) Pre-award interest at the rate of 5% per annum from the respective due dates until settlement in full; and
- (xi) Post-award interest at the rate of 5% calculated on the sum awarded until the date of settlement.

The sub-contractor submitted its Statement of Defence and Counterclaim dated 19 March 2020 and ZCSB submitted its Reply to the sub-contractor's Statement of Defence and Counterclaim on 1 June 2020. The Scott Schedule was submitted to the Arbitrator and the sub-contractor on 14 January 2021.

On 17 June 2020, ZCSB submitted its Amended Statement of Case and the sub-contractor submitted its Amended Statement of Defence and Counterclaim. On 1 August 2020, ZCSB submitted its Amended Reply and on 29 August 2020 the sub-contractor submitted its Reply for Counterclaim.

As directed by the Arbitrator, ZCSB submitted its Amended Scott Schedule on 9 August 2021 with total rectification cost inclusive of management fees in the sum of RM59,894,945. There is an increase in claim for rectification cost from RM53,456,994 as submitted in previous Scott Schedule. Subsequently, ZCSB has submitted a Re-Amended Scott Schedule for a revised rectification cost of RM45,905,466.

On 23 November 2022, the sub-contractor changed their appointed lawyer and the subcontractor informed ZCSB that they will be applying to amend its Amended Statement of Defence and Counterclaim. In these circumstances, ZCSB have been advised by its lawyer to amend its Amended Statement of Case to increase the rectification cost claimed against the sub-contractor in the sum of RM59,894,945.

ZCSB submitted its Re-Amended Statement of Case on 24 January 2022, the sub-contractor submitted its Re-Amended Statement of Defence and Counterclaim on 31 January 2022 and ZCSB submitted its Re-Amended Reply and Re-Amended Defence to Counterclaim on 11 February 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

##### Projects in Malaysia (Continued)

##### (a) (Continued)

ZCSB appointed an expert witness for Quantum and Liability respectively to support its claim against its sub-contractor for this arbitration proceeding whereby the expert witnesses will provide their expert opinions/Reports to support ZCSB's claim.

The Hearing dates were fixed on 5 to 9 December 2022, 11 to 13 January 2023 and 21 to 24 February 2023 (These hearing dates have been vacated by the Learned Arbitrator and additional Hearing dates have been fixed as set out below).

As at to date, both parties have complied with the following:-

- (i) Filing and exchange of the Witness Statements on 11 October 2022;
- (ii) Filing and exchange of Expert Reports for Liability and Quantum on 1 November 2022 respectively;
- (iii) Filing and exchange of the Rebuttal Witness Statements on 13 February 2022; and
- (iv) Filing and exchange of Rebuttal Expert Reports for Liability and Quantum on 24 March 2023 respectively.

Additional Hearing dates for the proceeding have been fixed on 27 to 29 March 2023, 11 to 14 April 2023, 3 to 5 July 2023, 24 to 25 August 2023 and 5 to 7, 19 to 20, 22, 25 to 27 and 29 September 2023.

The hearing was concluded on 22 September 2023 and the Tribunal has directed parties to work on the common dates for parties to submit and exchange Notes of Proceedings, written submission and submission-in-reply ("Documents").

The confirmed dates that have been mutually agreed upon by both parties are as follows:-

- (i) Notes of Proceedings to be filed on 23 November 2023;
- (ii) Closing Submission including cost to be filed on 29 February 2024;
- (iii) Reply Submission to be filed on 31 May 2024;
- (iv) Oral Clarification on Liability and Quantum is fixed on 2 and 3 July 2024;
- (v) Written Submission on Costs to be filed on 31 July 2024;
- (vi) Reply to Written Submission on Costs to be filed on 23 August 2024; and
- (vii) Arbitrator has closed the proceedings on 30 August 2024.

Parties have complied with (i) to (vii) above. The arbitration proceedings have completed, and the Group anticipates that the decision of the arbitration will be delivered by end of 2025.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

#### Projects in Malaysia (Continued)

- (b) In relation to a project in Malaysia, a subsidiary company, ZCSB had issued a Notice of Arbitration dated 8 March 2019 to a consultant in respect of the disputes and differences under the Consultancy Services Agreement dated 9 May 2013.

ZCSB claims for the following:-

- (i) Declaration that a consultant has breached its obligations under the Contract;
- (ii) Payment for the refund on value of cost savings for deviation items amounting to RM5,969,352;
- (iii) Cost in rectifying the non-conformance/deviation items in the sum of RM43,057,017;
- (iv) Payment for electricity charges paid by ZCSB on behalf of client from February 2016 until June 2019 in the sum of RM3,446,341;
- (v) Payment for ZCSB's loss of income from January 2016 until 30 June 2018 amounting to RM138,959,161; and
- (vi) general damages, cost of Arbitration proceeding and other cost the Arbitrator deems appropriate.

The Asian International Arbitration Centre ("AIAC") had appointed a sole arbitrator on 14 August 2019, however due to disagreement on the terms of engagement of the arbitrator, the said arbitrator offered resignation.

Upon the inauguration of the Director of the AIAC after the position being vacant for almost a year, a substitute arbitrator has been appointed on 8 January 2021.

Subsequently, ZCSB filed its Statement of Case to the AIAC on 12 April 2021 and the consultant then filed its Statement of Defence and Counterclaim on 28 May 2021. ZCSB filed its Reply to Defence and Defence to Counterclaim on 25 June 2021 and the consultant filed its Rejoinder on 23 July 2021.

ZCSB has appointed an expert witness for Quantum and Liability respectively to support its claim against its lead consultant for this arbitration proceeding whereby the expert witnesses will provide their expert opinions/reports to support ZCSB's claim.

On 28 February 2023, both parties submitted their respective Witness Statements and ZCSB submitted its Expert Report (Quantum). On 28 July 2022, the lead consultant submitted its Expert Report (Quantum) in reply to ZCSB's Expert Report (Quantum). On 25 August 2022, both parties submitted their Rebuttal Witness Statements.

ZCSB had submitted its Expert Report (Liability) on 14 October 2022 and its Rebuttal Expert Report (Quantum) on 26 October 2022.

Both parties have submitted the Rebuttal Expert's Report (Liability) on 29 December 2022 and the lead Consultant has submitted the Rebuttal Expert's Report (Quantum) on 22 December 2022.

On 25 March 2023, both parties have submitted Joint Experts' Reports for Liability and Quantum.

The hearing was conducted on 12 to 15 June 2023, and 19 to 21 June 2023. However, the hearing dates fixed from 19 to 21 June 2023 have been vacated by the Learned Arbitrator in view of the Security for Costs Application filed by the lead consultant on 7 June 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

#### Projects in Malaysia (Continued)

##### (b) (Continued)

ZCSB has complied with the Arbitrator's decision for security for costs and has paid the security for costs into ZCSB's solicitors' client's account as stakeholder.

The Arbitration proceeding continued on 15 to 18 January 2024 and 29 to 31 January 2024. The sub-contractor produced 3 factual witnesses and they gave evidence before the Arbitrator.

The Arbitration Proceedings resumed on 22 and 23 July 2024. The expert witnesses for both ZCSB and the sub-contractor gave evidence during the Arbitration proceeding. The Arbitration proceeding resumed on 18 September 2024.

Arbitration completed on 23 September 2024. The Arbitrator directed parties to file the followings:

- (i) Notes of Proceedings on 16 December 2024.
- (ii) Both parties to file Written Submission on or before 7 March 2025; and
- (iii) Both parties to file Written Submission in Reply on or before 4 May 2025.

Parties have complied with (i) and (ii) above.

#### Other litigations

- (a) On 7 and 13 August 2019, the subsidiaries companies, Eminent Hectares Sdn. Bhd. ("EHSB") and Zelan Holdings (M) Sdn. Bhd. ("ZHM"), received 5 Writ and Statement of Claims from the service provider appointed for the maintenance of the office premises of the Group for outstanding maintenance charges, sinking funds, quit rent, insurance, water charges and late payment interest as at 30 June 2019 amounting to RM694,101 in aggregate.

Full Trial of the matter took place on 1 April 2021, 23 April 2021, 7 April 2022, 12,15 September 2022 whereby both parties have called their witnesses to testify.

On 23 February 2023, the Sessions Court, after the full trial allowed the claims by the Plaintiff against the Defendants. The Orders of the Court are as follows:

- (i) Judgement sums to be paid amounting to RM662,000 with interest of 10% per annum on daily basis from 1 February 2019 until full settlement thereof; and
- (ii) Global costs for all costs for all the cases for the sum of RM30,000.

On 9 March 2023, Notice of Appeals against all the decision has been filed. The Plaintiff's solicitor vide letter dated 31 March 2023 has demanded the payment of the said amount.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

#### Other litigations (Continued)

##### (a) (Continued)

On 20 April 2023, the Defendants' Solicitors have filed five (5) separate Application for Stay of Execution of the Judgment and the said Applications pending extraction by the Court.

The five (5) Applications for Stay of Execution were heard together on 8 August 2023. The Court granted the order in terms in favour of EHSB and ZHM for a stay of execution of the Judgement pending appeal (including the appeal in Court of Appeal) with costs to be borne by the EHSB and ZHM.

All five (5) of the Defendants' Appeals against the Judgement dated 23 February 2023 were consolidated and were fixed for hearing on 8 November 2023. All five (5) Appeals were heard together on 8 November 2023 and the High Court dismissed the EHSB and ZHM's appeals with costs of RM20,000.

EHSB and ZHM through its new solicitors filed the Notice of Appeal on 8 December 2023 and Notice of Motion to appeal on 12 January 2024.

The Hearing of the Notice of Motion was fixed on 24 April 2024 and the Case Management of the Notice of Appeal was fixed on 23 April 2024.

On 23 April 2024, the Court of Appeal fixed ZHM notice of appeal for a case management on 30 April 2024.

On 24 April 2024, the Court of Appeal dismissed EHSB and ZHM Notice of Motion for application for extension of time and to file leave to appeal with costs of RM2,000 subject to allocator.

The Plaintiff also applied Garnishee Order against EHSB on 7 December 2023. EHSB has applied to stay the Garnishee proceedings on 11 January 2024. The decision of the stay application of the Garnishee proceedings is fixed on 2 May 2024.

Plaintiff further filed and obtained ex-parte Prohibitory Orders in relation to all 5 judgments against EHSB and ZHM on 27 November 2023. The said orders were served on EHSB and ZHM on 12 April 2024. EHSB and ZHM had filed applications to set aside all 5 Prohibitory Orders on 19 April 2024. The hearing of the application to set aside the Prohibitory Orders for all 5 applications was initially fixed on 26 June 2024 was rescheduled to 30 July 2024.

The hearing to set aside the Prohibitory Orders filed by EHSB and ZHM proceeded on 30 July 2024 and is pending a decision from the Sessions Court. The Sessions Court had on 15 August 2024 dismissed EHSB and ZHB's application to set aside the Prohibitory Orders with costs. EHSB and ZHM have reached mutual settlement with Service Provider and the settlement agreement was executed on 17 March 2025, as disclosed in Note32(a).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

#### Foreign Projects

- (a) In relation to a project in Abu Dhabi, a subsidiary company, Zelan Holdings (M) Sdn. Bhd. ("ZHM") was served with an Originating Summons ("OS") on 5 July 2023 by the sub-contractor. The sub-contractor is applying for the High Court to recognise the Award dated 30 December 2019 for the principal sum of AED28,934,208.90 (RM36,804,313.72) in respect of the claim against ZHM regarding the project in Abu Dhabi as binding from the date of the Arbitration award on 30 December 2019. The OS was fixed for case management on 31 October 2023.

On the same date, the sub-contractor also served on ZHM a Notice of Application for Discovery (Discovery Application) for an order that the original arbitration agreement between ZHM and the sub-contractor contained in the document titled "Conditions of Subcontract" be produced and that a certified true copy of the original arbitration agreement be served on the sub-contractor's solicitors.

The case management of the Discovery Application was fixed by the High Court on 18 July 2023. The parties were given directions by the Court to file their respective Affidavits and Written Submissions for the Discovery Application on or before 5 September 2023 and to file submissions in reply on or before 5 October 2023. The High Court fixed the Hearing of the Discovery Application on 31 October 2023.

On 31 October 2023, the sub-contractor withdrew the discovery application with costs of RM3,000 to be paid to ZHM. The sub-contractor paid the costs of RM3,000 to ZHM on 29 January 2024, only after the filing of security for costs by ZHM.

ZHM has filed an Affidavit in Reply to the sub-contractor's Affidavit in Support for the Originating Summons on 1 December 2023.

The sub-contractor has filed its Affidavit in Reply to ZHM's Affidavit in Reply on 22 December 2023. Further to the sub-contractor's Affidavit in Reply, the Court gave new directions as follows:-

- (i) ZHM to file Further Affidavit on 19 January 2024;
- (ii) Parties to file Written Submissions by 23 February 2024;
- (iii) Parties to file Submissions in Reply by 22 March 2024; and
- (iv) A new Hearing was fixed on 3 April 2024 before the High Court Judge.

ZHM has complied with the directions in paragraphs (i) to (iii) above.

ZHM has also filed an interlocutory application for security for costs against the sub-contractor on 19 January 2024. The application for security for costs was fixed for case management on 5 February 2024. On 5 February 2024, the Court directed as follows:-

- (i) Sub-Contractor to file Affidavit in Reply on or before 9 February 2024;
- (ii) ZHM to file Affidavit in Reply on or before 23 February 2024;
- (iii) Parties to file Written Submissions on 15 March 2024;
- (iv) Parties to file Submissions in Reply on 29 March 2024; and
- (v) Hearing is fixed together with the Originating Summons on 3 April 2024.

ZHM has complied with the direction in paragraph (i) to (iv) above





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 27. LITIGATIONS (CONTINUED)

Details of the significant litigations during the financial year are as follows (Continued):

#### Foreign Projects (Continued)

##### (a) (Continued)

The Hearing of the application for security for costs and the originating summons was adjourned on 3 April 2024 and was scheduled on 16 July 2024.

The Hearing for the application for security for costs proceeded on 16 July 2024. On 17 July 2024 the High Court ordered the sub-contractor to provide Security for Costs in the sum of RM200,000 to be paid to the ZHM's solicitors (as the stakeholders) within three (3) weeks from 17 July 2024 (last date being 7 August 2024). The sub-contractor provided security for costs on 7 August 2024.

Hearing of the Originating Summons that was fixed on 1 October 2024 was vacated. The new directions from the High Court are as follows:

- (i) Parties to file further submission (if any) on or before 30 October 2024; and
- (ii) Hearing of the originating summons is fixed on 13 January 2025.

The Hearing on 13 January 2025 proceeded. Decision of the Originating Summons was fixed on 7 March 2025. The High Court has dismissed the sub-contractor's Originating Summons with costs of RM20,000. The sub-contractor filed a notice of appeal against the High Court decision on 3 April 2025.

### 28. COMMITMENTS

##### (a) Capital commitments

There is no capital expenditure which were authorised but not contracted for, as at the reporting date.

##### (b) Operating lease commitments

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2024	2023
	RM'000	RM'000
Within 1 year	9	25

The operating lease commitments relates to leases of office and land under non-cancellable operating lease agreement. The leases have varying terms and renewal rights.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 29. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports received by the Directors that are used to make strategic decisions. The Directors consider the business from products perspective as the reportable operating segments derive their revenues primarily from its main business segments, are as follows:

- (a) Engineering and construction
- (b) Property and development
- (c) Asset facility management
- (d) Investment

The engineering and construction business segment includes the Group's projects in Indonesia, Middle East and Malaysia.

The property and development business segment includes rental income, car park income and management fees. Asset facility management business segment are asset management services provided for the concession agreement. Investment business segment includes rental income and other segment which is not within the reportable operating segments provided to the Directors. Interest income and interest expenses are not allocated to the segments because this is managed centrally by the Group.

Inter-segment revenue comprises construction of buildings for property development segment and purchase of raw materials for the engineering and construction segment.

In determining the geographical segments of the Group, sales are based on the region in which the customer is located. Segment assets (which exclude deferred tax assets and tax recoverable) and capital expenditure are determined based on where the assets are located. Segment liabilities (which exclude deferred tax liabilities and current tax liabilities) are determined based on where the liabilities arise. The amount provided to the Directors with respect to the total assets (which exclude deferred tax assets and tax recoverable) and total liabilities (which exclude deferred tax liabilities and current tax liabilities) are measured in a manner which is consistent with the financial statements.

Segment results are defined as operating income before provision of impairment for receivables, depreciation, and contract assets, finance income, finance costs and share of results of associates.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 29. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the Directors for the reportable segments, is as follows:

	Engineering and construction RM'000	Property and development RM'000	Asset facility management RM'000	Investment RM'000	Total RM'000
<b>2024</b>					
<b>Revenue</b>					
Segment revenue	12,818	984	33,634	340	47,776
Less: Inter-segment sales	(7,590)	-	-	-	(7,590)
Revenue from external customers	5,228	984	33,634	340	40,186
<b>Results</b>					
Segment result	(382)	762	15,136	(2,601)	12,915
Depreciation of property, plant and equipment	(49)	(4)	(7)	(1)	(61)
Depreciation of right-of-use assets	(68)	-	(231)	-	(299)
Finance income	-	2	16,841	-	16,843
Finance costs	(3,003)	(29)	(20,437)	-	(23,469)
Reversal of accrued interest	1,040	-	-	-	1,040
Gain on disposals of property, plant and equipment	35	-	-	-	35
Impairment of financial assets and contract assets	(255,354)	-	-	-	(255,354)
Gain on liquidation	144	-	-	-	144
Fair value gain on investment properties	-	260	-	20	280
(Loss)/profit before taxation and zakat	(257,637)	991	11,302	(2,582)	(247,926)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 29. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the Directors for the reportable segments, is as follows (Continued):

	Engineering and construction RM'000	Property and development RM'000	Asset facility management RM'000	Investment RM'000	Total RM'000
<b>2023</b>					
<b>Revenue</b>					
Segment revenue	2,720	856	41,068	1,199	45,843
Less: Inter-segment sales	-	-	(15,505)	-	(15,505)
Revenue from external customers	2,720	856	25,563	1,199	30,338
<b>Results</b>					
Segment result	4,239	492	15,074	6,436	26,241
Depreciation of property, plant and equipment	(72)	-	(2)	(3)	(77)
Depreciation of right-of-use assets	-	(159)	-	-	(159)
Finance income	191	2	18,878	-	19,071
Finance costs	(1,200)	(35)	(20,570)	-	(21,805)
Reversal of accrued interest	50,202	-	-	-	50,202
Gain on disposals of property, plant and equipment	243	-	-	-	243
Impairment of financial assets and contract assets	(268)	-	-	-	(268)
Impairment of investment in an associate	(5,133)	-	-	-	(5,133)
Gain on liquidation	90	-	-	-	90
Fair value gain on investment properties	-	-	-	-	-
(Loss)/profit before taxation and zakat	48,292	300	13,380	6,433	68,405



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 29. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the Directors for the reportable segments, is as follows (Continued):

	Engineering and construction RM'000	Property and development RM'000	Asset facility management RM'000	Investment RM'000	Elimination	Total RM'000
<b>2024</b>						
<b>Total assets</b>						
Segment assets	186,164	26,394	497,846	58,549	(308,851)	460,102
<b>Total liabilities</b>						
Segment liabilities	1,371,278	14,385	460,627	68,857	(1,361,948)	553,199
<b>2023</b>						
<b>Total assets</b>						
Segment assets	454,070	22,073	524,129	63,734	(302,827)	761,179
<b>Total liabilities</b>						
Segment liabilities	1,394,757	10,631	493,691	70,939	(1,364,430)	605,588

The Group's business segments are managed in four main geographical areas:

- (i) Malaysia - engineering and construction
- (ii) Indonesia - engineering and construction
- (ii) United Arab Emirates ("UAE") - engineering and construction
- (iv) Kingdom of Saudi Arabia ("KSA") - engineering and construction

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 29. SEGMENTAL INFORMATION (CONTINUED)

The geographical segment information provided to the Directors for the reportable segments, is as set out below.

	Malaysia RM'000	Indonesia RM'000	UAE RM'000	KSA RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2024</b>							
Segment revenue	47,776	-	-	-	-	(7,590)	40,186
Segment assets	768,568	5	380	-	-	(308,821)	460,102
Segment liabilities	1,310,376	29,145	147,229	428,123	274	(1,361,948)	553,199
<b>2023</b>							
Segment revenue	45,843	-	-	-	-	(15,505)	30,338
Segment assets	810,703	6	253,297	-	-	(302,827)	761,179
Segment liabilities	1,343,730	32,894	153,402	439,361	272	(1,364,071)	605,588

Total external revenue includes 2 customers (2023: 2 customers) from the engineering and construction business segment and asset facility management segment who have contributed 93% (2023: 93%) to the overall Group's revenue for the financial year ended 31 December 2024.

Revenue from 1 (2023: 1) major customer, with revenue equal to or more than 10% of the Group's revenue, amounting to approximately RM33,655,739 (2023: RM26,679,883) arose from the engineering and construction business segment and asset facility management segment.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 30. FINANCIAL INSTRUMENTS BY CATEGORIES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>				
Financial assets at amortised cost:				
Trade receivables	380,592	673,841	-	-
Other receivables	2,350	5,066	110	10
Advance to subcontractors	-	132	-	-
Amount due from an associate	-	-	-	-
Amount due from subsidiaries	-	-	-	37,229
Deposits, cash and bank balances	49,257	55,262	83	65
	<b>432,199</b>	<b>734,301</b>	<b>193</b>	<b>37,304</b>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost:				
Trade payables	119,012	128,669	-	-
Amount due to subsidiaries	-	-	59,989	62,117
Amount due to related parties	7,397	8,227	1,071	1,071
Amount due to joint venture partners	511	511	-	-
Other payables and accruals	7,564	13,416	410	588
Advances received from contract customers	31,925	35,003	-	-
Borrowings	373,643	410,076	-	-
	<b>540,052</b>	<b>595,902</b>	<b>61,470</b>	<b>63,776</b>

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks. The Group has formulated risk management policies whose principal objective is to minimise the Group's exposure to risk and/or costs associated with financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Directors for application in day-to-day operations for controlling and managing risks associated with financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### (a) Foreign currency exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United Arab Emirates Dirham ("AED"), Saudi Riyal ("SAR"), Indian Rupee ("INR"), Indonesian Rupiahs ("IDR"), and United States Dollar ("USD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Group	AED RM'000	SAR RM'000	INR RM'000	IDR RM'000	USD RM'000	Total RM'000
<b>2024</b>						
<b>Financial assets</b>						
Trade receivables	-	-	-	-	-	-
Other receivables and deposits	73	-	-	-	-	73
Deposits, cash and bank balances	307	-	-	5	-	312
	<b>380</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>385</b>
<b>Financial liabilities</b>						
Trade payables	(82,427)	(15,356)	-	-	-	(97,783)
Other payables and accruals	(2,217)	(200)	(163)	(29)	-	(2,609)
Borrowings	(62,563)	-	-	-	-	(62,563)
	<b>(147,207)</b>	<b>(15,556)</b>	<b>(163)</b>	<b>(29)</b>	<b>-</b>	<b>(162,955)</b>
<b>Net financial (liabilities)/ assets</b>	<b>(146,827)</b>	<b>(15,556)</b>	<b>(163)</b>	<b>(24)</b>	<b>-</b>	<b>(162,570)</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Foreign currency exchange risk (Continued)

Group	AED RM'000	SAR RM'000	INR RM'000	IDR RM'000	USD RM'000	Total RM'000
<b>2023</b>						
<b>Financial assets</b>						
Trade receivables	252,760	-	-	-	-	252,760
Other receivables and deposits	142	-	-	-	-	142
Deposits, cash and bank balances	315	-	-	8	-	323
	253,217	-	-	8	-	253,225
<b>Financial liabilities</b>						
Trade payables	(84,392)	(15,786)	-	-	-	(100,178)
Other payables and accruals	(2,306)	(205)	(162)	(31)	(34)	(2,738)
Borrowings	(66,681)	-	-	-	-	(66,681)
	(153,379)	(15,991)	(162)	(31)	(34)	(169,597)
<b>Net financial assets/ (liabilities)</b>	99,838	(15,991)	(162)	(23)	(34)	83,628

#### Sensitivity analysis

The following table demonstrates the sensitivity of the Group's results to a reasonable possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2024 RM'000	2023 RM'000
<b>Effects on profit after taxation:</b>		
AED/RM – strengthened/(weakened) 10%	(11,159)	7,588
SAR/RM – strengthened/(weakened) 10%	(1,182)	(1,215)
INR/RM – strengthened/(weakened) 10%	(12)	(12)
IDR/RM – strengthened/(weakened) 10%	(2)	(2)
USD/RM – strengthened/(weakened) 10%	-	(3)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (b) Interest rate risk

The Group is exposed to cash flow interest rate risk arising from the following:

- The Group's short-term deposits

The deposits are subject to interest rate risk and are placed with the financial institutions at prevailing interest rates. Management continuously monitors the exposure to changes in interest rates with respect to short-term deposits with short-term maturity of less than three months. Accordingly, management is of the view that the effects to the changes in interest rates are insignificant and would not have a material impact to the financial condition or results of operations.

- The Group's borrowings

Borrowings issued at variable interest rates expose the Group to interest rate risk which is partially offset by interest income earned by the Group's deposit placement at variable rates. As at 31 December 2024 and 31 December 2023, the Group's borrowings are denominated in Ringgit Malaysia ("RM") and Arab Emirates Dirham ("AED") and the Company's borrowings are denominated in RM.

At the reporting date, if interest rates on borrowings had been 0.25% higher/lower with all other variables held constant, this would have the following impact on profit or loss and equity for the financial year:

Decrease/(increase) in profit/(loss) after taxation and (decrease)/increase in equity

	Group	
	2024	2023
	RM'000	RM'000
Borrowings denominated in AED		
- Increase of 25 basis points	(1,189)	(1,267)
- Decrease of 25 basis points	1,189	1,267



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Liquidity risk

All the financial liabilities of the Group at the end of the reporting date based on undiscounted contractual payments are as set out below:

					Maturity		
	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Less than 1 year RM'000	Between 1 and 3 years RM'000	Between 3 and 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>2024</b>							
<b>Financial liabilities</b>							
Trade payables	-	119,012	119,012	119,012	-	-	-
Amount due to related parties	-	7,397	7,397	7,397	-	-	-
Amount due to joint ventures	-	511	511	511	-	-	-
Other payables and accruals	-	7,564	7,564	7,564	-	-	-
Advances received from contract customers	-	31,925	31,925	31,925	-	-	-
Borrowings	5.51 - 8.35	373,643	449,761	47,856	215,880	119,002	67,023
		<b>540,052</b>	<b>616,170</b>	<b>214,265</b>	<b>215,880</b>	<b>119,002</b>	<b>67,023</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Liquidity risk (Continued)

All the financial liabilities of the Group at the end of the reporting date based on undiscounted contractual payments are as set out below (Continued):

					Maturity		
	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Less than 1 year RM'000	Between 1 and 3 years RM'000	Between 3 and 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>2023</b>							
<b>Financial liabilities</b>							
Trade payables	-	128,669	128,669	128,669	-	-	-
Amount due to related parties	-	8,227	8,227	8,227	-	-	-
Amount due to joint ventures	-	511	511	511	-	-	-
Other payables and accruals	-	13,416	13,416	13,416	-	-	-
Advances received from contract customers	-	35,003	35,003	35,003	-	-	-
Borrowings	6.05 - 8.35	410,076	513,384	54,629	168,698	104,033	186,024
		595,902	699,210	240,455	168,698	104,033	186,024



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Liquidity risk (Continued)

All the financial liabilities of the Group at the end of the reporting date based on undiscounted contractual payments are as set out below (Continued):

	Company	
	Less than 1 year	Total
	RM'000	RM'000
<b>2024</b>		
<b>Financial liabilities</b>		
Amount due to subsidiaries	59,989	59,989
Amount due to related parties	1,071	1,071
Other payables and accruals	410	410
	<b>61,470</b>	<b>61,470</b>
<b>2023</b>		
<b>Financial liabilities</b>		
Amount due to subsidiaries	62,117	62,117
Amount due to related parties	1,071	1,071
Other payables and accruals	588	588
	<b>63,776</b>	<b>63,776</b>

As at 31 December 2024, the Group's and the Company's current liabilities exceeded the current assets by RM132,444,085 and RM61,674,224, respectively.

In order to monitor the cash flows of the Group and of the Company, the Directors carry out periodic review of the cash flow projections and the details of the cash flow projections of the Group and of the Company for the next twelve months, as disclosed in Note 2(a).

#### (d) Credit risk

The Group's exposure to credit risk arises primarily from trade receivables. The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of its receivables. Credit evaluations are performed on all contract customers. The Group closely monitors its customers' financial strength to reduce the risk of loss.

The Group monitors the credit quality of the trade receivables individually based on the respective projects. Management regards any receivables having significant balances past due or more than 120 days to be deemed as having higher credit risk and as such, more focus are placed on such debts.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Credit risk (Continued)

The Company's exposure to credit risk arises mainly from the amounts due from subsidiaries.

#### Measurement of Expected Credit Loss ("ECL")

##### (i) Trade receivables and contract assets using simplified approach

The expected loss rates for trade receivables and contract assets are assessed on an individual debtor basis. The Group measures the loss allowance for trade receivables and contract assets by estimating the likelihood that the debtor would not be able to repay during the contractual period, the extent of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

##### (ii) Intercompany receivables and other receivables using general 3-stage approach

The Group and the Company use three categories for intercompany receivables and other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Definition of category	Basis for recognising ECL
Performing (Stage 1)	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Under Performing (Stage 2)	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due based on historical experience.	Lifetime ECL
Not Performing (Stage 3)	Interest and/or principal repayments are 180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Credit risk (Continued)

##### (ii) Intercompany receivables and other receivables using general 3-stage approach (Continued)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a  $PD \times LGD \times EAD$  methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjust for forward looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

##### (iii) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

#### Credit risk concentration profile

At the reporting date, the Group has no significant concentration of credit risk other than two (2023: two) corporate debtors which represent 96% (2023: 95%) of the Group's total trade receivables, in which these balances are monitored closely. The Company has no significant concentration of credit risk except for amount due from subsidiaries.

The deposits placed with licensed banks are not concentrated to any particular group but widely dispersed across various licensed financial institutions. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (d) Credit risk (Continued)

###### Exposure to credit risk and loss allowance assessment

The input of loss allowance on the carrying values of trade receivables, contract assets, related party balances and other receivables and deposits presented by the stages are as follows:

Group	Performing	Under	Not	Total
	Stage 1	Performing	Performing	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>2024</b>				
Trade receivables	413,050	-	328,450	741,500
Contract assets	28,541	-	-	28,541
	441,591		328,450	770,041
Loss allowance	(60,999)	-	(328,450)	(389,449)
Net carrying amount	380,592	-	-	380,592
Amount due from an associate	-	-	439	439
Loss allowance	-	-	(439)	(439)
Net carrying amount	-	-	-	-
Other receivables and deposits	-	-	5,604	5,604
Loss allowance	-	-	(3,254)	(3,254)
Net carrying amount	-	-	2,350	2,350
<b>2023</b>				
Trade receivables	459,456	-	328,450	787,906
Contract assets	28,758	-	-	28,758
	488,214	-	328,450	816,664
Loss allowance	(57,275)	-	(82,000)	(139,275)
Net carrying amount	430,939	-	246,450	677,389
Amount due from an associate	-	-	439	439
Loss allowance	-	-	(439)	(439)
Net carrying amount	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Credit risk (Continued)

##### Exposure to credit risk and loss allowance assessment (Continued)

Group	Performing	Under	Not	Total
	Stage 1	Performing	Performing	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>2023 (Continued)</b>				
Other receivables and deposits	5,066	-	3,022	8,088
Loss allowance	-	-	(3,022)	(3,022)
Net carrying amount	5,066	-	-	5,066
Advances to subcontractors	132	-	-	132
Loss allowance	-	-	-	-
Net carrying amount	132	-	-	132
<b>Company</b>				
<b>2024</b>				
Amount due from subsidiaries	74,002	-	567,067	641,069
Loss allowance	(74,002)	-	(567,067)	(641,069)
Net carrying amount	-	-	-	-
Other receivables and deposits	9	-	-	9
Loss allowance	-	-	-	-
Net carrying amount	9	-	-	9
<b>2023</b>				
Amount due from subsidiaries	77,517	-	567,067	644,584
Loss allowance	(40,288)	-	(567,067)	(607,355)
Net carrying amount	37,229	-	-	37,229
Other receivables and deposits	10	-	-	10
Loss allowance	-	-	-	-
Net carrying amount	10	-	-	10

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Credit risk (Continued)

##### Exposure to credit risk and loss allowance assessment (Continued)

The accumulated impairment for trade receivables, contract assets, related party balances and other receivables and deposits using the general 3-stage approach as at 31 December 2024 reconciles to opening accumulated impairment for that provision as follows:

Group	Performing	Under	Not	Total
	Stage 1	Performing	Performing	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>2024</b>				
<b>Trade receivables and contract assets</b>				
At 1 January 2024	57,275	-	82,000	139,275
Additions	3,151	-	251,971	255,122
Unwinding of discounts on receivables	573	-	-	573
Net effect of foreign currency exchange differences	-	-	(5,521)	(5,521)
At 31 December 2024	60,999	-	328,450	389,449
<b>Amount due from an associate</b>				
At 1 January 2024	-	-	439	439
Additions	-	-	-	-
At 31 December 2024	-	-	439	439
<b>Other receivables and deposits</b>				
At 1 January 2024	-	-	3,022	3,022
Additions	-	-	232	232
At 31 December 2024	-	-	3,254	3,254



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Credit risk (Continued)

Exposure to credit risk and loss allowance assessment (Continued)

Group	Performing	Under	Not	Total
	Stage 1	Performing	Performing	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>2023</b>				
<b>Trade receivables and contract assets</b>				
At 1 January 2023	53,853	-	82,000	135,853
Unwinding of discounts on receivables	878	-	-	878
Net effect of foreign currency exchange differences	2,544	-	-	2,544
At 31 December 2023	57,275	-	82,000	139,275
<b>Amount due from an associate</b>				
At 1 January 2023	-	-	182	182
Additions	-	-	257	257
At 31 December 2023	-	-	439	439
<b>Other receivables and deposits</b>				
At 1 January 2023	-	-	3,011	3,011
Additions	-	-	11	11
At 31 December 2023	-	-	3,022	3,022

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (d) Credit risk (Continued)

Exposure to credit risk and loss allowance assessment (Continued)

Company	Performing	Under Performing	Not Performing	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
<b>2024</b>				
<b>Amount due from subsidiaries</b>				
At 1 January 2024	40,288	-	567,067	607,355
Reversals	33,714	-	-	33,714
At 31 December 2024	<u>74,002</u>	<u>-</u>	<u>567,067</u>	<u>641,069</u>
<b>2023</b>				
<b>Amount due from subsidiaries</b>				
At 1 January 2023	40,288	-	568,008	608,296
Reversals	-	-	(941)	(941)
At 31 December 2023	<u>40,288</u>	<u>-</u>	<u>567,067</u>	<u>607,355</u>

The Company assessed the recoverable amount of the amount due from subsidiaries during the year based on the likelihood that the subsidiaries will not be able to repay the outstanding amount.

##### Maximum exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets presented in the statements of financial position, including deposits placed with licensed banks, cash and bank balances, trade and other receivables, and related party balances, after deducting any allowance for impairment losses.

##### (e) Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure. The Group considers total equity as capital. Implementation of optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (e) Capital management (Continued)

The gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Borrowings	25	373,643	410,076	-	-
Less:					
Deposits, cash and bank balances (not pledged)	20	(3,851)	(8,335)	(83)	(65)
Net debt/(cash)		369,792	401,741	(83)	(65)
(Capital deficiency)/total equity attributable to owners of the Company		(92,766)	155,922	(49,492)	(14,171)
Debt-to-equity ratio		N/A	2.58	N/A	N/A

N/A – Not applicable

#### (f) Fair value

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost are as follows:

	Group		Company	
	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
<b>2024</b>				
<u>Financial assets</u>				
Receivables				
- trade receivables	327,601	327,601	-	-
<b>2023</b>				
<u>Financial assets</u>				
Receivables				
- trade receivables	368,886	368,886	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (e) Capital management (Continued)

The fair values are calculated based on cash flows discounted using a current lending rate. The financial assets are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Due to the short-term nature of the current financial assets and liabilities, their carrying amounts are considered to approximate fair values at the reporting date.

The carrying values of the borrowings of the Group approximate fair values at the reporting date as these borrowings are floating rate borrowings.

### 32. SIGNIFICANT AND SUBSEQUENT EVENTS

#### (a) Settlement agreement between Eminent Hectares Sdn. Bhd., Zelan Holdings (M) Sdn. Bhd., and Service provider

On 17 March 2025, the Company's subsidiaries, Eminent Hectares Sdn. Bhd. ("EHSB"), and Zelan Holdings (M) Sdn. Bhd. ("ZHM"), entered into a Settlement Agreement with Service Provider. The purpose of the agreement is to amicably resolve all ongoing legal disputes and associated execution proceedings involving the parties.

The legal matters involve various judgements, appeal orders, garnishee and prohibitory orders. Given this, all parties have agreed to a structured settlement to avoid prolonged litigation and execution actions, including the potential sale of affected properties and winding-up proceedings.

Under the Settlement Agreement, ZHM and/or EHSB shall remit monthly payments of RM50,000 to Service Provider via online transfer. These payments will begin on 30 March 2025 and continue for an initial three-month period. Subsequently, monthly payments of the same amount shall continue until the full outstanding sum is settled. Interest will be charged on the outstanding amount at 10% per annum, calculated on a reducing balance basis. In addition, all court-awarded costs and legal charges arising from past proceedings will be borne by ZHM and/or EHSB and incorporated into the total outstanding sum.

The subsidiaries are also required to maintain timely payment of all maintenance charges and sinking fund contributions. Service provider will issue an annual Statement of Account every December, itemising payments made and the remaining balance. The settlement period commenced on 15 March 2025, in line with the commencement of tenancy rental payments.

As part of the agreement, Service provider has undertaken to immediately discontinue all existing claims and execution proceedings, including any winding-up actions, against ZHM and/or EHSB without the liberty to reinstate them, provided there is no default in payment. In return, ZHM and/or EHSB irrevocably undertake to fulfil all payment obligations under this agreement and to withdraw the appeal without costs as soon as practicable after the agreement's execution.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 32. SIGNIFICANT AND SUBSEQUENT EVENTS (CONTINUED)

#### (b) Practice Note 17 ("PN 17")

On 30 April 2023, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 2.1(d) of PN17 and Paragraph 8.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and that the Company is a PN17 Issuer effective 30 April 2023.

The Company is required to submit a regularisation plan to the Bursa Securities within 12 months from the date of First Announcement. On 29 March 2024, the Company had submitted an application for an extension of time to submit its regularisation plan to Bursa Securities. On 2 May 2024, Bursa Securities granted an extension of time of 6 months up to 31 October 2024. Subsequently, on 25 October 2024, the Company submitted a further application for an extension of 9 months up to 31 July 2025. On 15 November 2024, Bursa Securities granted an extension of time of 6 months up to 30 April 2025 to submit the regularisation plan. The Company appointed Malacca Securities Sdn. Bhd on 21 March 2025 as the Principal Adviser for the regularisation plan pursuant to PN17 of the Listing Requirements.

On 17 April 2025, the Company applied for a further extension of time of 6 months up to 31 October 2025 from Bursa Securities to submit a regularisation plan to the relevant authorities. As of the date of this report, the Company is awaiting for Bursa Securities' approval for the extension of time and the Company is currently in the process of formulating a plan to regularise its financial condition, as disclosed in Note 2(a).

#### (c) Disclaimer of opinion

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 included a disclaimer of opinion, which was issued on 26 April 2024. The auditors were unable to obtain sufficient appropriate evidence in relation to the material uncertainty as regards going concern, trade receivables, borrowing and the use of going concern assumption.

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Anwar Bin Haji @ Aji and Suhaimi Bin Halim, being two of the Directors of Zelan Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 67 to 167 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2025.

**Dato' Anwar Bin Haji @ Aji**  
Chairman

**Suhaimi Bin Halim**  
Director

Kuala Lumpur

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Zaki Albar Bin Bahari @ Hj. Mohd Fakhruddin, being the Officer primarily responsible for the financial management of Zelan Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 167 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed Zaki Albar Bin Bahari @  
Hj. Mohd Fakhruddin at Kuala Lumpur,  
Malaysia on 28 April 2025.

**Zaki Albar Bin Bahari @ Hj. Mohd Fakhruddin**  
MIA No. CA 15338

Before me,



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ZELAN BERHAD

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

We were engaged to audit the financial statements of Zelan Berhad, which comprise the statements of financial position as at 31 December 2024 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 material accounting policy information, as set out on pages 67 to 167.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### 1. Material uncertainty as regards going concern

###### (a) Practice Note 17 ("PN 17")

On 30 April 2023, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 2.1(d) of PN17 and Paragraph 8.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and that the Company is a PN17 Issuer effective 30 April 2023.

The Company is required to submit a regularisation plan to the Securities Commission Malaysia within 12 months from the date of First Announcement. On 29 March 2024, the Company had submitted an application for an extension of time to submit its regularisation plan to Bursa Securities. On 2 May 2024, Bursa Securities granted an extension of time of 6 months up to 31 October 2024. Subsequently, on 25 October 2024, the Company submitted a further application for an extension of 9 months up to 31 July 2025. On 15 November 2024, Bursa Securities granted an extension of time of 6 months up to 30 April 2025 to submit the regularisation plan.

Should the Company fail to submit its regularisation plan to the relevant regulatory authorities on or before 30 April 2025, Bursa Securities shall suspend the trading of the listed securities of Zelan Berhad on the 6<sup>th</sup> market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

The Company appointed Malacca Securities Sdn. Bhd. on 21 March 2025 as the Principal Adviser for the regularisation plan pursuant to PN17 of the Listing Requirements.

The Company on 17 April 2025 applied for a further extension of time of 6 months up to 31 October 2025 from Bursa Securities to submit a regularisation plan to the relevant authorities. As of the date of this report, the Company is awaiting for Bursa Securities' approval for the extension of time and the Company is currently in the process of formulating a plan to regularise its financial condition, as disclosed in Note 2(a) and 32(b) to the financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZELAN BERHAD

## Basis for Disclaimer of Opinion

### 1. Material uncertainty as regards going concern (Continued)

#### (b) Borrowings

As detailed in Note 25(c) to the financial statements, included in the Group's "Borrowings" as at 31 December 2024 is an amount of RM62.6 million attributable to Zelan Holdings (M) Sdn. Bhd. ("ZHM"), representing the balance of a foreign term loan.

ZHM had signed the Rescheduling Agreement Amendment ("Rescheduling Agreement") dated 15 December 2023 with the bank to restructure the existing loan. Based on the Rescheduling Agreement, the outstanding term loan amount shall be paid in thirty (30) monthly instalments commencing 31 October 2023 until 31 March 2026 (final repayment date). The instalments comprise twenty-nine (29) equal instalments of AED200,000 and a final lump sum payment covering the remaining outstanding balance. As at the date of this report, ZHM has complied with the repayment schedule. Notwithstanding the Rescheduling Agreement, in view of the classification of the Company as a PN17 issuer and the absence of a regularisation plan to support the Group's ability to generate sufficient cash flows by 31 March 2026, compliance with the repayment of the entire loan, especially the final repayment remains uncertain.

#### (c) Use of the going concern assumption

The financial statements have been prepared on a going concern basis based on the assumptions as disclosed in Note 2(a) to the financial statements. However, the Group's ability to continue as a going concern is uncertain, particularly due to the lack of a viable regularisation plan and the uncertainty regarding the full repayment of the loan, as outlined in Paragraph 1(a) and (b) above.

The Group and the Company are of the opinion that the Proposed Regularisation Plan, once formulated and implemented after obtaining the approval from the relevant authorities, will enable the Group and the Company to generate sufficient cash flows to meet their obligations and continue sustainable and viable operations.

In the absence of the regularisation plan, we are unable to obtain sufficient appropriate evidence to conclude whether it is appropriate to use the going concern assumption to prepare these financial statements as the outcome of the Group's and of the Company's plans to address its liquidity challenges is inherently uncertain and cannot be reasonably determined at this point in time.

The carrying value of the assets as recorded on the Statements of Financial Position of the Group and of the Company as at 31 December 2024 have been determined based on the continuation of the Group and of the Company as a going concern. An impairment of RM252.0 million has been recognised for the Group's receivables as disclosed in Note 19(f). As a result, the Group's current liabilities exceeded its current assets by RM132.4 million to the financial statements, and the Group recorded a capital deficiency of RM93.1 million as at 31 December 2024. These conditions raise significant doubt about the appropriateness of using the going concern basis in preparing the financial statements.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZELAN BERHAD

## Basis for Disclaimer of Opinion

### 1. Material uncertainty as regards going concern (Continued)

Accordingly, we were unable to obtain sufficient appropriate audit evidence to support the validity of the assumptions adopted by the Directors in preparing the financial statements on a going concern basis.

### Responsibilities of the Directors for the Financial Statements

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

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

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

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### 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.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (a) the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements;
- (b) in our opinion, the accounting and other records for the matters as described in the Basis for Disclaimer of Opinion section have not been properly kept by the Group and by the Company in accordance with the provisions of the Act; and
- (c) in our opinion, we have not obtained all the information and explanations that we required due to the reasons explained above in the Basis for Disclaimer of Opinion.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZELAN BERHAD

### Other Matters

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

**Nexia SSY PLT**  
201906000679 (LLP0019490-LCA) & AF 002009  
Chartered Accountants

Shah Alam  
28 April 2025

**Jason Sia Sze Wan**  
No. 02376/05/2026 J  
Chartered Accountant





# LIST OF PROPERTIES HELD

## AS AT 31 DECEMBER 2024

Location	Tenure	Area (sq. ft.)	Description/ Existing Use	Year of Expiry	Net Book Value (RM)	Age of Building (Years)	Year of Acquisition
<b>PROPERTIES</b>							
24th Floor, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	10,592	Office use	2090	2,100,667	22	1995
<b>INVESTMENT PROPERTIES</b>							
23rd Floor, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	22,841	Office rented to third party	2090	5,400,000	22	1995
21st Floor, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	23,444	Office rented to third party	2090	5,300,000	22	1995
Basement, 2nd, 3rd, 4th, 5th and 6th Floor Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	48,855	Car park	2090	5,880,000	22	1995
Lot 07-01, 07-02, 07-03, 07-03A, 07-05, 07-06 & 07-07, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	8546.61	Office	2090	1,930,000	22	1995
Lot 07-08, 07-09 & 07-10, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	861.12	Food Stall	2090	175,000	22	1995

## LIST OF PROPERTIES HELD

### AS AT 31 DECEMBER 2024

Location	Tenure	Area (sq. ft.)	Description/ Existing Use	Year of Expiry	Net Book Value (RM)	Age of Building (Years)	Year of Acquisition
<b>INVESTMENT PROPERTIES (CONT'D)</b>							
Lot 07-15 & 07-16, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	12475.48	Gymnasium	2090	885,000	22	1995
Lot 08-17, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	1140	Office	2090	260,000	22	1995
Lot 08-21, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	1335	Office	2090	300,000	22	1995
Lot 09-11, Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	958	Office	2090	220,000	22	1995
Lot 12B-18 Wisma Zelan No. 1, Jalan Tasik Permaisuri 2 Bandar Tun Razak, Cheras 56000 Kuala Lumpur	Leasehold	1140	Office	2090	260,000	22	1995



# SHAREHOLDERS INFORMATION

AS AT 3 APRIL 2025

## SHARE CAPITAL

Total number of Issued Shares : 844,920,705 ordinary shares  
 Class of Shares : Ordinary shares  
 Voting Right : One (1) vote per ordinary share  
 No. of Shareholders : 8,523

## DISTRIBUTION SCHEDULE OF ORDINARY SHAREHOLDERS

Category	No. of Holders	%	No. of Holders	%
Less than 100	251	2.945	5,728	0.001
100 – 1,000	882	10.348	524,309	0.062
1,001 – 10,000	2,940	34.495	17,415,625	2.061
10,001 – 100,000	3,597	42.203	136,936,333	16.207
100,001 to 42,246,034 (*)	852	9.996	358,458,631	42.425
42,246,035 and Above (**)	1	0.012	331,580,079	39.244
<b>TOTAL</b>	<b>8,523</b>	<b>100.00</b>	<b>844,920,705</b>	<b>100.00</b>

### REMARK :

(\*) - LESS THAN 5% OF ISSUED HOLDINGS  
 (\*\*) - 5% AND ABOVE THE ISSUED HOLDINGS

## SHAREHOLDINGS OF DIRECTORS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
AMALANATHAN L. THOMAS	-	-	-	-
DATO' ANWAR BIN HAJI @ AJI	-	-	-	-
DATO' MOHD REDZA SHAH BIN ABDUL WAHID	160,000	0.019	-	-
DATUK PUTEH RUKIAH BINTI ABD MAJID	-	-	-	-
MOHD SHUKOR BIN ABDUL MUMIN	-	-	-	-
SUHAIMI BIN HALIM	-	-	-	-
<b>TOTAL</b>	<b>160,000</b>	<b>0.019</b>	<b>-</b>	<b>-</b>

TOTAL NO. OF DIRECTOR(S) : 6  
 TOTAL DIRECTOR(S)HOLDINGS : 160,000  
 TOTAL PERCENTAGE (%) : 0.019

# SHAREHOLDERS INFORMATION

## AS AT 3 APRIL 2025

### INFORMATION ON SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	NRIC / Registration No.	Direct Holdings	
			No.	%
1	MMC CORPORATION BERHAD	30245H	331,580,079	39.24

### THIRTY LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
1.	MMC CORPORATION BERHAD	331,580,079	39.244
2.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	7,300,000	0.864
3.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR-BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	6,936,700	0.821
4.	NG KIAN BING	6,075,000	0.719
5.	MOOMOO NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIU TZE YOUNG	5,700,000	0.675
6.	YONG CHUN SHANG	5,509,100	0.652
7.	ONG CHUI LI	5,500,000	0.651
8.	CHIEW BEE HONG	5,064,000	0.599
9.	YAP KONG MENG	4,569,000	0.541
10.	ONG NGOH ING @ ONG CHONG OON	4,500,000	0.533
11.	MD.SHAH BIN ABU HASAN	4,228,000	0.500
12.	LIM CHUN SEEN	3,856,700	0.456
13.	YEONG KING HUI	3,600,800	0.426
14.	CHONG SAI TONG	3,398,800	0.402
15.	LIAN FONG CHEE	3,050,000	0.361
16.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE (SOLARIS-CL)	3,030,000	0.359
17.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KA KIAT	2,400,000	0.284
18.	GOH POH CHEE	2,114,000	0.250
19.	MD.SHAH BIN ABU HASAN	2,100,000	0.249
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHOW NGOH (E-TMM/BDR)	2,000,000	0.237
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIN SHAK (E-KKU)	2,000,000	0.237



## SHAREHOLDERS INFORMATION

### AS AT 3 APRIL 2025

#### THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Names	Shareholdings	%
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU CHYI WOEI (E-PTS)	2,000,000	0.237
23.	TAN KAR SENG	2,000,000	0.237
24.	TEE JIN GEE ENTERPRISE SDN BHD	2,000,000	0.237
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD HARTTZERY NAZRY BIN HATTA	1,978,200	0.234
26.	TAN ENG HAI	1,910,800	0.226
27.	ONG SI TENG	1,884,800	0.223
28.	LOW XUN JI	1,874,300	0.222
29.	KOK JIN KHUM	1,700,100	0.201
30.	MARYAM @ MUHAINI BINTI MOHAMAD ARIFF	1,680,000	0.199

TOTAL NO. OF HOLDERS : 30  
TOTAL HOLDINGS : 431,540,379  
TOTAL PERCENTAGE : 51.076

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 49<sup>th</sup> Annual General Meeting (“AGM”) of Zelan Berhad (“Zelan or the Company”) will be held at Komune Living & Wellness, No.21, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Cheras, Kuala Lumpur on Wednesday, 11 June 2025 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

## ORDINARY BUSINESS

- |  |                                   |
|--|-----------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Directors' and the Auditors' Reports thereon.   | <b>Please refer to<br/>Note A</b> |
| 2. To re-elect Dato' Anwar bin Haji @ Aji, who retires by rotation pursuant to Article 23.2 of the Company's Constitution.   | <b>Resolution 1</b>               |
| 3. To re-elect Encik Suhaimi bin Halim, who retires by rotation pursuant to Article 23.2 of the Company's Constitution.  | <b>Resolution 2</b>               |
| 4. To re-elect Dato' Mohd Redza Shah bin Abdul Wahid who retires in accordance with Article 23.9 of the Company's Constitution.  | <b>Resolution 3</b>               |
| 5. To approve the payment of Directors' fees amounting to RM401,000.00 for the financial year ending 31 December 2025.   | <b>Resolution 4</b>               |
| 6. To approve the payment of Directors Remuneration (excluding Directors' fees and Board committee fees) at the capping amount of RM520,000.00 to the Non-Executive Directors from 12 June 2025 until the conclusion of the next AGM of the Company (“Relevant Period”). | <b>Resolution 5</b>               |
| 7. To re-appoint Nexia SSY PLT as Auditors of the Company until conclusion of the next AGM of the Company, at remuneration to be determined by the Board of Directors.   | <b>Resolution 6</b>               |

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

- |   |                     |
|---|---------------------|
| <b>8. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT, NON-EXECUTIVE DIRECTOR OF THE COMPANY</b>   |                     |
| (i) “THAT subject to the passing of Ordinary Resolution 2, authority be and is hereby given to Encik Suhaimi bin Halim who has served as Independent Non-Executive Director of the Company for cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM.” | <b>Resolution 7</b> |
| (ii) “THAT authority be and is hereby given to Encik Mohd Shukor bin Abdul Mumin who has completed the tenure of nine (9) years to continue to act as Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM.”   | <b>Resolution 8</b> |



## NOTICE OF ANNUAL GENERAL MEETING

### 9. AUTHORITY TO ALLOT AND ISSUE SHARES

### Resolution 9

"THAT subject always to the Companies Act, 2016 ("Act"), the Constitution of the Company and the approvals of the relevant government/regulatory authorities, the Board be and are hereby authorised pursuant to Section 75 and 76 of the Act, to issue and allot shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10.0%) of the issued and paid-up share capital of the Company for the time being AND THAT the Board is also empowered to obtain the approval of Bursa Malaysia Securities Berhad and any other relevant approvals as may be necessary for the listing of and quotation for the additional shares so issued."

### BY ORDER OF THE BOARD

JAMALIA SHERIDAN BINTI KHOTIB  
Company Secretary

30 April 2025  
Cheras, Kuala Lumpur

### Notes:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia and there shall be no restriction as to qualification of the proxy.
2. A member shall be entitled to appoint up to two (2) proxies to vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorized on its behalf. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
4. In the case of joint holders, the signature of any one of them will suffice.
5. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
6. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
7. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority must be deposited with the Registrar's Office, Boardroom Share Registrars Sdn. Bhd., at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time appointed for the meeting or any adjournment thereof.



# NOTICE OF ANNUAL GENERAL MEETING

8. Registration of members/proxies attending the meeting will commence at 8.00 a.m. on the day of the meeting and shall remain open until such time as may be determined by the Chairman of the Meeting. Members/proxies are required to produce identification documents for registration.
9. Only members whose name appears on the Record of Depositors as at 4 June 2025 shall be entitled to attend the 49<sup>th</sup> AGM or appoint a proxy (ies) to attend and/or vote on their behalf.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 49<sup>th</sup> AGM will be put to vote by poll.

## EXPLANATORY NOTES ON ORDINARY BUSINESS

### Note A

This agenda item is meant for discussion only as per the provision of Section 340(1)(a) of the Act, the Audited Financial Statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

### Resolution 1,2 & Resolution 3 - Re-election of Directors

The Director who is subject to re-election at the 49<sup>th</sup> AGM of the Company is as follows:

#### Article 23.2 - Retirement by rotation

- (i) Dato' Anwar bin Haji @ Aji
- (ii) Encik Suhaimi bin Halim

#### Article 23.9 - Retirement by casual vacancy

- (i) Dato' Mohd Redza Shah bin Abdul Wahid

Article 23.2 of the Company's Constitution provides that an election of Directors shall take place each year. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

Article 23.9 of the Company's Constitution provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an additional Director to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

### Resolution 4 – Payment of Directors' Fees for the financial year ended 31 December 2025

With the enforcement of Section 230(1) of the Act with effect from 31 January 2017, the listed company is required to table, amongst others, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries for the shareholders' approval at a general meeting.



## NOTICE OF ANNUAL GENERAL MEETING

The breakdown of the Directors' fees for the financial year ending 31 December 2025 is as follows:

Membership	Board of Directors (RM)	Audit Committee (RM)	Nomination and Remuneration Committee (RM)
Chairman	75,000.00	30,000.00	24,000.00
Member	40,000.00	20,000.00	16,000.00

The total amount of Directors' fees payable to the Non-Executive Directors ("NEDs") is estimated to be up to RM401,000.00 for the period from 1 January 2025 to 31 December 2025.

### Resolution 5 – Payment of Directors' remuneration and benefits

The total amount of remuneration and benefits payable to the Directors is estimated to be up to RM520,000.00 for the period from 12 June 2025 until the conclusion of the next AGM of the Company.

Details of the estimated Directors' remuneration and benefits (excluding Directors' fees and Board committee fees) for NEDs are set out below:

Directors	Meeting Allowances for Board and Board Committees (RM)	Other Allowances (RM)	Benefit-in-Kind (RM)	Total (RM)
Dato' Anwar bin Haji @ Aji (Chairman)	22,000	291,000	56,687	369,687
Datuk Puteh Rukiah binti Abd Majid	30,000	-	-	30,000
Suhaimi bin Halim	32,000	-	-	32,000
Mohd Shukor bin Abdul Mumin	16,000	-	-	16,000
Amalanathan a/l L. Thomas	38,000	-	-	38,000
Dato' Mohd Redza Shah bin Abdul Wahid	24,000	-	-	24,000
<b>Total</b>	<b>162,000.00</b>	<b>291,000</b>	<b>56,687</b>	<b>509,687 (capped at 520,000)</b>

The increase in numbers of meeting expected due to Regularisation Plan under Practice Note 17 Committee.

Notes:

<sup>1</sup> Other Allowances to the NEDs comprising director's allowance, car allowance and entertainment allowance.

<sup>2</sup> Benefit-in-kind comprising company driver, petrol and mobile phone bill (based on average monthly usage for the Relevant Period).

# NOTICE OF ANNUAL GENERAL MEETING

In determining the estimated payment of remuneration payable to the NEDs of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

*In the event that the proposed amount payment of remuneration is insufficient (e.g. due to more meetings or enlarged board size, etc.), approval will be sought at the next AGM for the additional remuneration to meet the shortfall.*

## **Resolution 6 – Re-appointment of Nexia SSY PLT (“NEXIA”) as Auditors of the Company**

The Board recommended the re-appointment of NEXIA as external auditors of the Company for the financial year ending 31 December 2025 and the shareholders’ approval be sought at the 49<sup>th</sup> AGM. NEXIA have indicated their willingness to continue their services for the next financial year.

## **Resolutions 7 & 8 – Continuation in office as Independent Directors of the Company**

The Resolutions 7 & 8 if passed, will allow Encik Suhaimi bin Halim and Encik Mohd Shukor bin Abdul Mumin to continue to act as an Independent Director until the conclusion of the next AGM of the Company. The Board, through the NRC, has assessed the independence of Encik Suhaimi bin Halim and Encik Mohd Shukor bin Abdul Mumin who have served as Independent, Non-Executive Directors of the Company for a cumulative term of more than nine (9) years.

The Board recommends that Encik Suhaimi bin Halim and Encik Mohd Shukor bin Abdul Mumin continue to act as Independent, Non-Executive Directors of the Company based on the following justifications:

- (a) They fulfill the criteria of an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) They are able to provide the Board with sound advice and guidance based on their immense experiences;
- (c) They have been dedicated and committed Board members, having attended almost all the Committee and Board meetings since their appointment to the Board;
- (d) They being the longest serving Board member of the Company, possesses sound knowledge and understanding of the Company’s business activities and history which enable them to participate actively and contribute during deliberations at the Committee and Board meetings; and
- (e) They exercise due care as Independent Non-Executive Directors of the Company and carry out their professional and fiduciary duties in the interests of the Company and shareholders.

Encik Suhaimi bin Halim and Encik Mohd Shukor bin Abdul Mumin has abstained from deliberation and decision at the NRC and Board meeting in relation to the recommendation of this Resolution 7 & 8 to the shareholders and will continue to abstain from deliberation and voting on this Resolution at this AGM.



## NOTICE OF ANNUAL GENERAL MEETING

### Resolution 9 – Authority to allot and issue shares

The proposed Resolution 9, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per cent (10.0%) of the issued and paid-up capital of the Company pursuant to Section 75 of the Companies Act, 2016. This authority, unless revoked or verified at a general meeting will expire at the next AGM of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 11 June 2024 which will lapse at the conclusion of the forthcoming AGM. The Board continues to consider opportunities to expand the Company's business. In the event of a new allotment of shares pursuant to such opportunity, the proceeds will be utilised as working capital of the Company. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve the issuance of the shares.

# STATEMENT ACCOMPANYING NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors retiring in accordance with the Company's Constitution and seeking for re-election are as follows:

Pursuant to Article 23.2 of the Company's Constitution - Retirement by rotation

- (i) Dato' Anwar bin Haji @ Aji
- (ii) Encik Suhaimi bin Halim

Pursuant to Article 23.9 of the Company's Constitution- Retirement by casual vacancy

- (i) Dato' Mohd Redza Shah bin Abdul Wahid



# ADMINISTRATIVE DETAILS

The 49<sup>th</sup> Annual General Meeting (“AGM”) of Zelan Berhad will be held at Komune Living & Wellness, No. 21, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Cheras, Kuala Lumpur on Wednesday, 11 June 2025 at 10.00 a.m.. The Board considers the AGM to be an important event in our calendar as it provides us with an opportunity to present the Group’s performance to shareholders and listen and respond to your concern.

## REGISTRATION

1. Registration will start at 8.00 a.m. and will remain open until the conclusion of the meeting or such time as may be determined by the Chairman of the meeting.
2. Please read the signage to ascertain the registration area to register yourself for the meeting and join the queue accordingly.
3. Please produce your original Identity Card (“IC”) to the registration staff for verification and make sure you collect your IC thereafter.
4. You will be given an identification wristband and no person will be allowed to enter the meeting hall without the wristband. There will be no replacement in the event that you lose or misplace the identification wristband.
5. After registration, please leave the registration area immediately.
6. No person will be allowed to register on behalf of another person even with the original IC of that other person.

## VOTING PROCEDURE

1. The voting at the AGM will be conducted on a poll.
2. Boardroom Corporate Services Sdn Bhd. is appointed as Poll Administrator to conduct the polling process.
3. All attendees at the AGM will be briefed and/or guided accordingly by the Poll Administrator before the commencement of and during the voting process.

## FOOD AND BEVERAGE

1. Light refreshment will be served before commencement of the meeting.
2. Take away box will only be distributed after registration or such time as may be determined by Management.

## DOOR GIFTS/TAKE AWAY BOX VOUCHERS

A shareholder who is also proxies to other shareholders is entitled to a maximum of 2 corporate gifts and 2 take away box vouchers only. Vouchers will be distributed during registration.

## ENTITLEMENTS TO ATTEND AND VOTE

Only a Depositor registered in the Register of Members/Record of Depositors and whose name appears on the Register of members/Record of Depositors as at 4<sup>th</sup> June 2025 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf in respect of the number of shares registered in their name at that time.

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# PROXY FORM



**ZELAN BERHAD**  
(Registration No.: 197601001688 (27676-V))  
(Incorporated in Malaysia)

CDS Account No.	No. of shares held

I/We, \_\_\_\_\_ (NRIC/Passport No. \_\_\_\_\_)  
of \_\_\_\_\_ Tel. No. \_\_\_\_\_  
being a member/members of ZELAN BERHAD hereby appoint:-

Full name (in block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			
Email address			

\*and / or (\*delete if not applicable)

Full name (in block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			
Email address			

or failing him/her the **CHAIRMAN OF MEETING**, as my/our proxy to vote for me/us on my/our behalf at the 49<sup>th</sup> Annual General Meeting ("AGM") will be held at **Komune Living & Wellness, No. 21, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Cheras, Kuala Lumpur on Wednesday, 11 June 2025 at 10.00 a.m.** and any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting.

(Please indicate with a check mark ("Ö") in the appropriate box on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
1	To re-elect Dato' Anwar bin Haji @ Aji pursuant to Article 23.2 of the Company's Constitution		
2	To re-elect Encik Suhaimi bin Halim pursuant to Article 23.2 of the Company's Constitution		
3	To re-elect Dato' Mohd Redza Shah bin Abdul Wahid pursuant to Article 23.9 of the Company's Constitution		
4	To approve the payment of Directors' Fees for the financial year ending 31 December 2025 amounting to RM401,000.00		
5	To approve the payment of Directors' remuneration and benefits (excluding Directors' fees and Board committee fees) to the Independent, Non-Executive Directors from 12 June 2025 until the conclusion of the next Annual General Meeting of the Company at the capping amount of RM520,000.00		
6	To re-appoint of Nexia SSY PLT as Auditors of the Company		
RESOLUTION	SPECIAL BUSINESS		
7	To re-appoint and to continue to act as Independent Non-Executive Director of the Company - Encik Suhaimi bin Halim		
8	To re-appoint and to continue to act as Independent Non-Executive Director of the Company - Encik Mohd Shukor bin Abdul Mumin		
9	Ordinary Resolution - Authority to Allot and Issue Shares		

Signature/Common Seal of Member

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

**NOTES:**

1. This proxy form, duly signed, must be deposited at the Registrar's Office on 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia (Fax No: +603 7890 4670) not less than twenty-four (24) hours before the meeting. Each shareholder can appoint not more than two (2) proxies. 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.
2. In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. This instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A corporation may by resolution of its Directors or the governing body, if it is a member of the Company authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation.
4. In the case of joint holders, the signature of any of them will suffice.

**Note to Shareholders**

- (i) We will forward the hard copy of the Annual Report 2024 to the shareholder within four (4) market days from the date of receipt of the shareholder's verbal or written request.
- (ii) Our website address is: <http://www.zelan.com>. In case of any requests/queries regarding our Annual Report 2024, please contact Cik Jamalia Sheridan binti Khotib at: +603 9173 9173 or email to [jamalia@zelan.com.my](mailto:jamalia@zelan.com.my).
- (iii) This Annual Report can be downloaded from the Company's website: <http://www.zelan.com>.

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**BoardRoom Share Registrars Sdn. Bhd.**  
(formerly known as Symphony Share Registrars Sdn. Bhd.)  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya, Selangor

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