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
Direct Interests				
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.

OTHER STATUTORY INFORMATION (CONTINUED)

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

Suhaimi Bin Halim
Director

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	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)					
Items that will be reclassified subsequently to profit or loss					
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
ASSETS					
Non-current assets					
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
Current assets					
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
TOTAL ASSETS		**460,102**	761,179	**12,385**	49,605

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	22	**84,495**	84,495	**84,495**	84,495
Reserves	23	**(177,261)**	71,427	**(133,987)**	(98,666)
Equity attributable to owners of the Company		**(92,766)**	155,922	**(49,492)**	(14,171)
Non-controlling interests		**(331)**	(331)	**-**	-
(CAPITAL DEFICIENCY)/ TOTAL EQUITY		**(93,097)**	155,591	**(49,492)**	(14,171)
Non-current liabilities					
Other liabilities	24	**30,801**	32,605	**-**	-
Borrowings	25	**325,787**	374,740	**-**	-
Provision for taxation	12	**88**	1,128	**-**	-
		356,676	408,473	**-**	-
Current liabilities					
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**	-
		196,523	197,115	**61,877**	63,776
TOTAL LIABILITIES		**553,199**	605,588	**61,877**	63,776
TOTAL EQUITY AND LIABILITIES		**460,102**	761,179	**12,385**	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			
	Share capital RM'000	Foreign exchange RM'000	Capital reserve RM'000	General reserve RM'000	Revaluation reserve RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
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									
Foreign currency translation differences:									
- net movement during the financial year	-	3,546	-	-	-	-	3,546	23	3,569
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			
	Share capital RM'000	Foreign exchange RM'000	Capital reserve RM'000	General reserve RM'000	Revaluation reserve RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity 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 RM'000	Capital reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
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 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from operating activities					
(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 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from operating activities (Continued)					
(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)
Cash flows from investing activities					
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)**	-
Cash flows from financing activities					
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
2024				
At 1 January 2024	**66,681**	**342,810**	**562**	**410,053**
Financing activities				
Additions	**-**	**-**	**-**	**-**
Repayments during the year	**(2,924)**	**(32,144)**	**(170)**	**(35,238)**
Interest paid	**-**	**(19,864)**	**(29)**	**(19,893)**
Non-cash changes				
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**
2023				
At 1 January 2023	113,017	370,662	-	483,679
Financing activities				
Additions	-	-	694	694
Repayments during the year	(1,437)	(27,852)	(132)	(29,421)
Interest paid	-	(18,811)	(35)	(18,846)
Non-cash changes				
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 24th 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.

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.

<u>Joint ventures</u>

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)

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

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 contact to each lease and non-lease component on the basis of their relatives 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.

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.

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 RM	2023 RM
1 United Arab Emirates Dirham (AED)	**1.2185**	1.2497
1 Saudi Arabian Riyal (SAR)	**1.1914**	1.2240
1 Indian Rupee (INR)	**0.0525**	0.0552
1 Indonesian Rupiah (IDR)	**0.0003**	0.0003
1 United States Dollar (USD)	**4.4755**	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
	39,034	29,139
Revenue from other sources:		
- Rental income	**1,152**	1,199
	40,186	30,338

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
	20,349	12,394

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)	**1,716**	1,725

7. FINANCE INCOME AND FINANCE COSTS

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

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**
(Loss)/profit before taxation and zakat is arrived at after charging/(crediting):				
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
(Loss)/profit before taxation and zakat is arrived at after charging/(crediting)(continued):				
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
Malaysian income tax				
- current year	**4,200**	4,419	**-**	-
- under/(over) provision in prior years	**131**	(1,412)	**425**	-
	4,331	3,007	**425**	-

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	**4,331**	3,007	**425**	-

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
Provision for taxation		
Non-current	**88**	1,128
Current	**12,859**	8,558
	12,947	9,686

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
	306,581	60,581	**641,069**	607,355
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

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.

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**	-	**-**	-
	68	19	**-**	-

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	**(252,234)**	65,380
	Unit'000	Unit'000
Weighted average number of ordinary shares in issue (Note 22)	**844,921**	844,921
Basic and diluted (losses)/earnings per share (sen)	**(29.85)**	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
Cost								
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
Accumulated depreciation								
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)
Carrying amount								
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	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
Cost								
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
Accumulated depreciation								
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)
Carrying amount								
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
Cost				
At 1 January 2024	**40**	**634**	**30**	**704**
Additions	**-**	**3**	**-**	**3**
At 31 December 2024	**40**	**637**	**30**	**707**
Accumulated depreciation				
At 1 January 2024	**(40)**	**(632)**	**(30)**	**(702)**
Charge for the financial year	**-**	**(1)**	**-**	**(1)**
At 31 December 2024	**(40)**	**(633)**	**(30)**	**(703)**
Carrying amount				
31 December 2024	**-**	**4**	**-**	**4**
Cost				
At 1 January 2023/31 December 2023	40	634	30	704
Accumulated depreciation				
At 1 January 2023	(40)	(630)	(30)	(700)
Charge for the financial year	-	(2)	-	(2)
At 31 December 2023	(40)	(632)	(30)	(702)
Carrying amount				
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**
Cost		
At beginning of the year	**694**	-
Additions	**-**	694
At end of the year	**694**	694
Accumulated amortisation		
At beginning of the year	**(159)**	-
Charge for the financial year (Note 8)	**(174)**	(159)
At end of the year	**(333)**	(159)
Carrying amount	**361**	535

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**
At fair value		
At the beginning of the year	**20,330**	20,330
Add: fair value adjustments	**280**	-
At end of the year	**20,610**	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)
	12,179	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 2024	Group's effective interest 2023	Principal activities
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 2024	Group's effective interest 2023	Principal activities
Subsidiaries of Zelan Enterprise Sdn. Bhd.				
Eminent Hectares Sdn. Bhd.*	Malaysia	**100%**	100%	Investment holding.
Vispa Sdn. Bhd.*	Malaysia	**-**	100%	Dissolved.
Subsidiary of Zelan Construction Sdn. Bhd.				
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 2024	2023	(Loss)/profit allocated to non-controlling interests 2024 RM'000	2023 RM'000	Capital deficiency of non-controlling interests 2024 RM'000	2023 RM'000
PT Zelan Indonesia	**5%**	5%	**(23)**	18	**(331)**	(331)

NOTES TO THE FINANCIAL STATEMENTS
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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	**-**	-

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18. INVESTMENT IN ASSOCIATES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Carrying amount		
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.

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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 2024	Group's effective interest 2023	Principal activities
Associates of Zelan Holdings (M) Sdn. Bhd.				
IJM-Sunway Builders Zelan-LFE Engineering Consortium*	Malaysia	**25%**	25%	Dormant.
Zelan Arabia Co. Ltd.**	Saudi Arabia	**40%**	40%	Under liquidation.
Associate of Sejara Bina Sdn. Bhd.				
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
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19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-current				
Financial receivables				
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	**-**	-
Current				
Financial receivables				
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
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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
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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

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
Non-current				
- Restricted	**14,462**	13,978	**-**	-
- Reserve fund	**30,801**	32,808	**-**	-
	45,263	46,786	**-**	-
Current				
- Restricted	**143**	141	**-**	-
- Not restricted (Note 31(e))	**3,851**	8,335	**83**	65
	3,994	8,476	**83**	65
Total	**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

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21. CONTRACT ASSETS

	Group 2024 RM'000	Group 2023 RM'000
Contract assets		
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 RM'000	Group 2023 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 RM'000	Group 2023 RM'000
Within 1 year	**25,327**	26,120

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22. SHARE CAPITAL

	Group and Company			
	2024	**2023**	**2024**	**2023**
	Unit'000	**Unit'000**	**RM'000**	**RM'000**
Issued and paid-up ordinary shares				
At beginning/end of the year	**844,921**	844,921	**84,495**	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

		Group		Company	
		2024	**2023**	**2024**	**2023**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Foreign exchange reserve	(a)	**1,942**	(1,604)	**-**	-
Capital reserve	(b)	**35,458**	35,458	**18,456**	18,456
General reserve	(b)	**4,261**	4,261	**3,258**	3,258
Revaluation reserve	(b)	**1,155**	1,155	**-**	-
Accumulated losses		**(220,077)**	32,157	**(155,701)**	(120,380)
		(177,261)	71,427	**(133,987)**	(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
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24. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other liabilities				
Advances received from contract customers	**30,801**	32,605	**-**	-
Current				
Financial payables				
Trade payables	**119,012**	128,669	**-**	-
Amounts 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**	13,211	**409**	588
	134,484	150,618	**61,469**	63,776
Other liabilities				
Advances received from contract customers	**1,124**	2,398	**-**	-
Others	**200**	205	**-**	-
	1,324	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
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25. BORROWINGS

	Note	Group 2024 RM'000	Group 2023 RM'000
Non-current			
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
Current			
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
Total			
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

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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
Analysed by:		
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**
Minimum lease payments		
- 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
Present value of minimum lease payments		
- 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
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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.

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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

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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 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Rental of office premises receivable from a subsidiary of a corporate shareholder of the Company (non-trade):				
- MMC Engineering Services Sdn. Bhd.	**830**	828	**-**	-
Advances given to/ (repayment of advances from) subsidiaries (non-trade):				
- 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 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due from subsidiaries				
- Konsesi Pusat Asasi Gambang Sdn. Bhd.	**-**	-	**-**	37,229
	-	-	**-**	37,229
Amount due to subsidiaries				
- 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**
Amount due to related parties				
- 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	**-**	-
	7,397	8,227	**1,071**	1,071
Amount due to joint venture partners				
- Balanced Engineering & Construction Pte. Ltd.	**60**	60	**-**	-
- ICOP Consortium Sdn. Bhd.	**451**	451	**-**	-
	511	511	**-**	-

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 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
	462	712	**353**	712
Estimated monetary value of benefits-in-kind	**14**	20	**10**	20
	476	732	**363**	732

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.

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
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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-cancellabl operating lease agreement. The leases have varying terms and renewal rights.

NOTES TO THE FINANCIAL STATEMENTS
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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 currenttax 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
2024					
Revenue					
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
Results					
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
2023					
Revenue					
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
Results					
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
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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
2024						
Total assets						
Segment assets	**186,164**	**26,394**	**497,846**	**58,549**	**(308,851)**	**460,102**
Total liabilities						
Segment liabilities	**1,371,278**	**14,385**	**460,627**	**68,857**	**(1,361,948)**	**553,199**
2023						
Total assets						
Segment assets	454,070	22,073	524,129	63,734	(302,827)	761,179
Total liabilities						
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
2024							
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**
2023							
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 RM33,655,733339 (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
Financial assets				
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
	432,199	734,301	**193**	37,304
Financial liabilities				
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	**-**	-
	540,052	595,902	**61,470**	63,776

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.

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	SAR	INR	IDR	USD	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Financial assets						
Trade receivables	-	-	-	-	-	-
Other receivables and deposits	73	-	-	-	-	73
Deposits, cash and bank balances	307	-	-	5	-	312
	380	-	-	5	-	385
Financial liabilities						
Trade payables	(82,427)	(15,356)	-	-	-	(97,783)
Other payables and accruals	(2,217)	(200)	(163)	(29)	-	(2,609)
Borrowings	(84,644)	(15,556)	(163)	(29)	-	(100,392)
	(62,563)	-	-	-	-	(62,563)
Net financial (liabilities)/ assets	(146,827)	(15,556)	(163)	(24)	-	(162,570)

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
2023						
Financial assets						
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
Financial liabilities						
Trade payables	(84,392)	(15,786)	-	-	-	(100,178)
Other payables and accruals	(2,306)	(205)	(162)	(31)	(34)	(2,738)
Borrowings	(86,698)	(15,991)	(162)	(31)	(34)	(102,916)
	(66,681)	-	-	-	-	(66,681)
Net financial assets/ (liabilities)	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	Group 2023 RM'000
Effects on profit after taxation:		
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)
USD/RM – strengthened/(weakened) 10%	**(2)**	(3)

* *Denotes amount below RM1,000*

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:

	Effective interest rate	Carrying amount	Contractual undiscounted cash flow	Maturity Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2024							
Financial liabilities							
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
		540,052	616,170	214,265	215,880	119,002	67,023

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	Contractual undiscounted cash flow	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2023							
Financial liabilities							
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
2024		
Financial liabilities		
Amount due to subsidiaries	**59,989**	**59,989**
Amount due to related parties	**1,071**	**1,071**
Other payables and accruals	**410**	**410**
	61,470	**61,470**
2023		
Financial liabilities		
Amount due to subsidiaries	62,117	62,117
Amount due to related parties	1,071	1,071
Other payables and accruals	588	588
	63,776	63,776

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

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 x LGD x 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.

<u>Credit risk concentration profile</u>

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 Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
2024				
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**
2023				
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	-	-	-	-

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Exposure to credit risk and loss allowance assessment (Continued)

Group	Performing Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
2023 (Continued)				
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
Company				
2024				
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**
2023				
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

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 Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
2024				
Trade receivables and contract assets				
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
Amount due from an associate				
At 1 January 2024	-	-	439	439
Additions	-	-	-	-
At 31 December 2024	-	-	439	439
Other receivables and deposits				
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 Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
2023				
Trade receivables and contract assets				
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	2,544
At 31 December 2023	57,275	-	82,00	139,275
Amount due from an associate				
At 1 January 2023	-	-	182	182
Additions	-	-	257	257
At 31 December 2023	-	-	439	439
Other receivables and deposits				
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 Stage 1 RM'000	Under Performing Stage 2 RM'000	Not Performing Stage 3 RM'000	Total RM'000
2024				
Amount due from subsidiaries				
At 1 January 2024	**40,288**	**-**	**567,067**	**607,355**
Reversals	**33,714**	**-**	**-**	**33,714**
At 31 December 2024	**74,002**	**-**	**567,067**	**641,069**
2023				
Amount due from subsidiaries				
At 1 January 2023	40,288	-	568,008	608,296
Reversals	-	-	(941)	(941)
At 31 December 2023	40,288	-	567,067	607,355

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
2024				
Financial assets				
Receivables				
- trade receivables	**327,601**	**327,601**	**-**	**-**
2023				
Financial assets				
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 futher extension of time of 6 months up to 31 October 2025 from Bursa Securities to submit a regularisation plan to the relevant a 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 6th 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

Jason Sia Sze Wan
No. 02376/05/2026 J
Chartered Accountant

Shah Alam
28 April 2025

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
PROPERTIES							
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
INVESTMENT PROPERTIES							
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 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
INVESTMENT PROPERTIES (CONT'D)							
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
TOTAL	**8,523**	**100.00**	**844,920,705**	**100.00**

REMARK :
(*) - LESS THAN 5% OF ISSUED HOLDINGS
(**) - 5% AND ABOVE THE ISSUED HOLDINGS

SHAREHOLDINGS OF DIRECTORS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Directors	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	-	-	-	-
TOTAL	-	-	**160,000**	**0.019**

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 49th 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. **Please refer to Note A**

2. To re-elect Dato' Anwar bin Haji @ Aji, who retires by rotation pursuant to Article 23.2 of the Company's Constitution. **Resolution 1**

3. To re-elect Encik Suhaimi bin Halim, who retires by rotation pursuant to Article 23.2 of the Company's Constitution. **Resolution 2**

4. To re-elect Dato' Mohd Redza Shah bin Wahid who retires in accordance with Article 23.9 of the Company's Constitution. **Resolution 3**

5. To approve the payment of Directors' fees amounting to RM401,000.00 for the financial year ending 31 December 2025. **Resolution 4**

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"). **Resolution 5**

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. **Resolution 6**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

8. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT, NON-EXECUTIVE DIRECTOR OF THE COMPANY

(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." **Resolution 7**

(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." **Resolution 8**

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 11th 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 49th 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 49th 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 49th 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 L. Thomas	38,000	-	-	38,000
Dato' Mohd Redza Shah bin Abdul Wahid	24,000	-	-	24,000
Total	**162,000.00**	**291,000**	**56,687**	**509,687 (capped at 520,000)**

The increase in numbers of meeting expected due to Regularisation Plan under Practice Note 17 Committee.

Notes:

1 *Other Allowances to the NEDs comprising director's allowance, car allowance and entertainment allowance.*

2 *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 49th 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 49TH 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

<u>Pursuant to Article 23.9 of the Company's Constitution- Retirement by casual vacancy</u>

(i) Dato' Mohd Redza Shah bin Abdul Wahid

ADMINISTRATIVE DETAILS

The 49th 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 4th 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 49th 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 11th 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.

(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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