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W Z S A T U B E R H A D

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[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN
SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

The resolution in respect of the above proposal will be tabled at the Fifteenth Annual General Meeting ("**15th AGM**") of the Company to be held at Grand Ballroom, Level 1, Zenith Putrajaya, No. 1, Jalan P2A, Presint 2, 62100 Putrajaya, Wilayah Persekutuan Putrajaya on Thursday, 27 February 2020 at 9:30 a.m. or any adjournment thereof. The Notice of 15th AGM together with the Form of Proxy are set out in the Annual Report 2019, which is despatched together with this Statement.

The Form of Proxy must be completed and deposited at the Registered Office of WZ Satu Berhad at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than forty-eight (48) hours before the time set for holding the 15th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 15th AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 25 February 2020 at 9:30 a.m.

Date and time of the 15th AGM : Thursday, 27 February 2020 at 9:30 a.m.

This Statement is dated 31 December 2019

DEFINITIONS

For the purpose of this Statement, except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

Act	:	The Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of WZ Satu
Bursa Securities	:	Bursa Malaysia Securities Berhad
Director(s)	:	Director(s) of WZ Satu
EPS	:	Earnings per share
Listing Requirements	:	Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time
LPD	:	2 December 2019, being the latest practicable date prior to the printing of this Statement
LTIP	:	Long Term Incentive Plan of up to 15% of the total number of issued shares of the Company (excluding Treasury Shares)
Minister	:	The Minister charged with the responsibility for companies
NA	:	Net assets attributable to ordinary equity holders of the Company
Proposed Renewal of Share Buy-Back Authority	:	Proposed renewal of authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company
Purchased Shares or Purchased WZ Satu Shares	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
RM and sen	:	Ringgit Malaysia and sen respectively
Rules on Take-Overs	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 as amended from time to time and any re-enactment thereof
Substantial Shareholders	:	Shall have the meaning given in Section 136 of the Act
Treasury Shares	:	Purchased Shares which are retained by the Company shall have the meaning under Section 127 of the Act
Warrants	:	Warrants issued by the Company pursuant to the Deed Poll dated 9 October 2014, constituting the Warrants 2014/2024, which will expire on 28 October 2024
WZ Satu or the Company	:	WZ Satu Berhad
WZ Satu Group or the Group	:	WZ Satu Berhad and its subsidiary companies
WZ Satu Share(s) or Share(s)	:	Ordinary Share(s) in WZ Satu

All references to “**you**” in this Statement are to the shareholders of the Company.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural, and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Statement is a reference to that enactment as amended or re-enacted from time to time.

Any reference to a time of day in this Statement is a reference to Malaysia time, unless otherwise stated.

Any discrepancy in the figures included in this Statement between the amounts stated and the totals thereof are due to rounding.

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W Z S A T U B E R H A D

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WZ SATU BERHAD

[Registration No. 200401027590 (666098-X)]

(Incorporated in Malaysia)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Fourteenth (14th) AGM of WZ Satu held on 29 January 2019, the Company had obtained its shareholders' approval for the renewal of the authority to purchase its own shares of up to ten percent (10%) of the total number of issued shares of our Company. The aforesaid shareholders' approval shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 15th AGM unless such authority is renewed by an ordinary resolution to be passed by the shareholders at the forthcoming 15th AGM.

On 4 December 2019, WZ Satu had announced that the Company is proposing to seek approval from its shareholders for the Proposed Renewal of Share Buy-Back Authority at the 15th AGM of the Company.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Proposed Renewal of Share Buy-Back Authority to be tabled as a Special Business at our forthcoming 15th AGM. The Notice of the 15th AGM and the Form of Proxy are enclosed in the Company's Annual Report 2019.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING 15TH AGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of WZ Satu Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming 15th AGM of WZ Satu until:-

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions; or

- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

For illustrative purposes, as at LPD, the total number of issued shares of the Company stood at 511,665,197 Shares. Assuming that (i) no further Shares are issued; (ii) no outstanding Warrants are exercised by the entitled warrant holders; and (iii) no options or Shares are granted to any eligible executives of the Group under the LTIP as at the LPD, the maximum number of Shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 51,166,519 Shares.

For the avoidance of doubt, for illustrative purposes throughout this Statement including the proforma effects as disclosed in Section 4 below, we have not taken into account:-

- (i) any grant of options or Shares to the eligible employees and/or Directors of the Group after the LPD;
- (ii) any purchase of Shares by WZ Satu pursuant to the share buy-back authority approved by shareholders at 14th AGM, after the LPD; and
- (iii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

As at LPD, the Company has 131,440,908 outstanding Warrants, which remain unexercised and entitle the warrant holders to subscribe for 131,440,908 new WZ Satu Shares at an exercise price of RM0.38 per share.

Based on the Company's total number of issued shares as at LPD and the assumption that all Warrants are converted into new WZ Satu Shares, the Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 64,310,610 Shares, representing 10% of the proforma enlarged total number of issued shares of the Company.

As such, the maximum number of Shares, representing ten percent (10%) of the total number of issued shares of the Company that it can purchase pursuant to the Proposed Renewal of Share Buy-Back Authority may change from time to time during the validity period of the Proposed Renewal of Share Buy-Back Authority.

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the shares for the past five (5) market days immediately preceding the date of purchase.

2.1 Status and Treatment of Treasury Shares

Pursuant to the provisions of Section 127(7) of the Act, the Board may, at its discretion, deal with the Purchased Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:

- (i) cancel all or part of the Purchased Shares; and/or
- (ii) retain the Purchased Shares as Treasury Shares; and/or
- (iii) retain part of the Purchased Shares as Treasury Shares and cancel the remainder; and/or
- (iv) distribute the Treasury Shares as share dividends to shareholders of the Company; and/or
- (v) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or

- (vi) transfer the Treasury Shares for the purposes of or under an employees' share scheme established by the Company; and/or
- (vii) transfer the Treasury shares as purchase consideration; and/or
- (viii) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister may by order prescribe,

or in any other manner as allowed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

In the event the Company ceases to hold all or part of the Purchased Shares as a result of the above, the Company may further purchase such additional number of Shares provided that the total Purchased Shares (including Shares held as Treasury Shares) does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of such purchase(s).

While the Purchased Shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including the determination of substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a general meeting.

2.2 Source of Funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back Authority must be made wholly out of the retained profits of the Company.

Therefore, the Board proposes that the maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company. Based on the audited financial statements for the year ended 31 August 2019, the Company has an accumulated loss of RM61,670,000/-.

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to be financed by internally generated funds and/or bank borrowings. In the event the Company decides to utilise bank borrowings to finance the Proposed Renewal of Share Buy-Back Authority, the Board will ensure that the Company has sufficient financial capability to repay the bank borrowings and that such repayment will not have a material impact on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase (s) will depend on the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group.

2.3 Pricing

Pursuant to the provisions of the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for WZ Satu Shares for the five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of Purchased Shares held as Treasury Shares, the Company may only resell the Treasury Shares or transfer the Treasury Shares pursuant to Section 127(7) of the Act at:

- (a) a price which is not less than the weighted average market price of the shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:-
 - the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority will enable the WZ Satu Group to utilise any of its surplus financial resources to purchase the WZ Satu Shares. It also provides the opportunity for the Company to stabilise the supply and demand of the WZ Satu Shares in the open market and thereby allowing the share price of WZ Satu to better reflect the fundamental value of WZ Satu Shares. If the Purchased WZ Satu Shares are subsequently cancelled, the long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS of the Company.

The Purchased shares can also be held as Treasury Shares and resold in accordance with the Listing Requirements on the market of Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. In the event the Treasury Shares are distributed as share dividends to shareholders, this would serve as a reward to the shareholders of the Company.

The Proposed Renewal of Share Buy-Back Authority will also provide the flexibility to use the Purchased Shares which are held as Treasury Shares for the purposes of the employees' share scheme established by the Group or as purchase consideration.

4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, NA, working capital, EPS and dividend of the Company, assuming the purchase of own shares are up to the maximum ten per centum (10%) of the total number of issued shares of WZ Satu, are set out below:-

4.1 Total Number of Issued Shares

In the event that the Proposed Renewal of Share Buy-Back Authority is implemented in full and assuming all the Purchased Shares are subsequently cancelled, the proforma effects on the total number of issued shares as at LPD, are as follows:-

Scenario I : Assuming no further exercise of the outstanding Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into Shares

	No. of Shares	
	Scenario I	Scenario II
Total number of issued shares as at LPD	511,665,197	511,665,197
Shares to be issued upon full exercise of the Warrants	-	131,440,908
Enlarged total number of issued shares	511,665,197	643,106,105
Cancellation of Purchased WZ Satu Shares	51,166,519	64,310,610
Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority	460,498,678	578,795,495

** Assuming purchase of the maximum number of shares as authorised under the Proposed Renewal of Share Buy-Back Authority.*

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the existing total number of issued shares if all the Purchased Shares are to be retained as Treasury Shares, resold or distributed to the shareholders of the Company.

4.2 NA, NA Per Share and Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group will depend on the purchase prices, number of the Purchased Shares, treatment of the Purchased Shares and the effective funding cost to the Group to finance such purchases and/or any loss in interest income to the Group, if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the Treasury Shares are resold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the Treasury Shares are resold at a loss.

If the Treasury Shares are distributed to shareholders as share dividends, the consolidated NA per Share of the Group would decrease.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing utilised to fund the purchase of the Purchased Shares. At this juncture, the Directors have not determined whether to use borrowings for purposes of purchasing its own Shares.

4.3 Earnings and EPS

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group will depend on the number of the Purchased Shares, the purchase prices of the Purchased Shares and the effective funding cost to finance such purchases and/or loss in interest income to the Group, if internally generated funds are utilised. The Proposed Renewal of Share Buy-Back Authority may increase the EPS of the WZ Satu Group if the Company realises a gain from the resale. Similarly, if the Purchased Shares are treated as Treasury Shares and subsequently resold, the extent of the effect to the earnings of the WZ Satu

Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest savings arising from the exercises.

4.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which depending on, amongst others, the number of Shares purchased, the purchase price of such Shares and the funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the Purchased WZ Satu Shares are resold at least at the purchase price.

4.5 Dividends

The Proposed Renewal of Share Buy-Back Authority may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment. Nonetheless, the Treasury Shares may be distributed as dividend to the shareholders if the Company so decides.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The effects of the Proposed Renewal of Share Buy-Back Authority on the direct and indirect interests of the Directors and Substantial Shareholders and any person connected with the Directors and/or Substantial Shareholders based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full by WZ Satu are as follows:-

Scenario I: Assuming that none of the outstanding Warrants are exercised and the Proposed Renewal of Share Buy-Back Authority is implemented in full.

<----- Number of WZ SATU shares ----->								
Substantial Shareholders	Shareholdings as at LPD				After the Proposed Renewal Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-	91,008,846	19.76	-	-
KDYMM SPB YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah	46,398,293	9.07	-	-	46,398,293	10.08	-	-
Urusharta Jamaah Sdn Bhd	43,498,672	8.50	-	-	43,498,672	9.45	-	-
Ong Lee Veng @ Ong Chuan Heng	33,933,999	6.63	-	-	33,933,999	7.37	-	-
Perbadanan Nasional Berhad	29,333,333	5.73	-	-	29,333,333	6.37	-	-

<----- Number of WZ SATU shares ----->								
Substantial Shareholders	Shareholdings as at LPD				After the Proposed Renewal Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-	91,008,846	19.76	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	0.53	-	-	2,694,160	0.59	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	⁽¹⁾ 749,066	0.15	-	-	⁽¹⁾ 749,066	0.16
Rosli Bin Shafiei	-	-	-	-	-	-	-	-
Ikhlas Bin Kamarudin	-	-	⁽²⁾ 14,814,000	2.90	-	-	⁽²⁾ 14,814,000	3.22

Notes:

(1) Deemed interested by virtue of his spouse direct interest in the Company.

(2) Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. pursuant to Section 8 of the Act

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Scenario II: Assuming that all the outstanding Warrants are exercised and the Proposed Renewal of Share Buy-Back Authority is implemented in full.

----- Number of WZ SATU Shares -----												
Substantial Shareholders	Shareholdings as at LPD				Assuming full exercise of Warrants				After the Proposed Renewal of Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-	137,590,802	21.39	-	-	137,590,802	23.77	-	-
KDYMM SPB YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah	46,398,293	9.07	-	-	46,398,293	7.21	-	-	46,398,293	8.02	-	-
Urusharta Jamaah Sdn Bhd	43,498,672	8.50			43,498,672	6.76			43,498,672	7.52		
Ong Lee Veng @ Ong Chuan Heng	33,933,999	6.63	-	-	33,933,999	5.28	-	-	33,933,999	5.86	-	-
Perbadanan Nasional Berhad	29,333,333	5.73	-	-	29,333,333	4.56	-	-	29,333,333	5.07	-	-

←----- Number of WZ SATU Shares -----→												
Directors	Shareholdings as at LPD				Assuming full exercise of Warrants				After the Proposed Renewal of Share Buy-back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-	137,590,802	21.39	-	-	137,590,802	23.77	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	0.53	-	-	3,041,240	0.47	-	-	3,041,240	0.53	-	-
Datuk Idris Bin Haji Hashim J.P.	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	⁽¹⁾ 749,066	0.15	-	-	⁽¹⁾ 749,066	0.12	-	-	⁽¹⁾ 749,066	0.13
Rosli Bin Shafiei	-	-	-	-	-	-	-	-	-	-	-	-
Ikhlas Bin Kamarudin	-	-	⁽²⁾ 14,814,000	2.90	-	-	⁽²⁾ 14,814,000	2.30	-	-	⁽²⁾ 14,814,000	2.56

Notes:

⁽¹⁾ Deemed interested by virtue of his spouse direct interest in the Company.

⁽²⁾ Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. pursuant to Section 8 of the Act

6. PUBLIC SHAREHOLDING SPREAD

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at LPD is 41.78%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

7. POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Renewal of Share Buy-Back Authority, if implemented, are as follows:-

- (a) it is expected to potentially benefit the Company and its shareholders, in terms of stabilising the supply and demand of WZ Satu Shares as well as the price of the Company's Shares;
- (b) it will enhance the EPS of WZ Satu, irrespective of whether the Purchased Shares are held as Treasury Shares or cancelled, as it will result in a lower number of shares being taken into account for the purpose of computing the EPS of the Shares;
- (c) if the Purchased Shares are held as Treasury Shares, such shares may potentially be resold at a higher price and therefore realising a potential gain without affecting the total number of issued shares. The Treasury Shares may also be distributed to the shareholders as dividend and if undertaken, would serve as a reward to the shareholders, or be utilised as purchase consideration by the Company in corporate transactions such as acquisition of lands/properties/assets, thereby reducing the financial outflow and/or preserve the working capital of the Company; and
- (d) provide the flexibility for the Company to use the Purchased Shares which are held as Treasury Shares for the purposes of the employees' share scheme established by the Company or purchase consideration.

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to:-

- (a) forgo investments or business opportunities that may emerge in the future;
- (b) increase its interest expense or reduce its interest income accordingly, that may be derived from not utilising such funds to repay bank borrowings or not depositing such funds in income bearing instruments; and/or;
- (c) reduce the availability of funds for distribution of cash dividends to shareholders.

On the other hand, the financial resources of the Group may increase, if the resale of the Purchased Shares (not held as Treasury Shares) is at prices higher than purchase price.

In this connection, the Board will be mindful of the interests of the Group, the shareholders and stakeholders when implementing the Proposed Renewal of Share Buy-Back Authority and when cancelling and/or reselling the said Treasury Shares, if any, on Bursa Securities.

8. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PAST TWELVE (12) MONTHS

The Company does not hold any treasury share as at LPD and has not purchased and/or cancelled any Share, resold, cancelled and/or transferred any Treasury Share, in the past twelve (12) months preceding the LPD.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of WZ Satu Shares for the twelve (12) months preceding the date of this Statement from December 2018 to November 2019 (being the last full trading month prior to the LPD) are as follows:

	<u>Low (RM)</u>	<u>High (RM)</u>
<u>2018</u>		
December	0.175	0.215
<u>2019</u>		
January	0.180	0.410
February	0.305	0.400
March	0.270	0.355
April	0.245	0.325
May	0.190	0.270
June	0.200	0.230
July	0.200	0.270
August	0.200	0.235
September	0.205	0.250
October	0.225	0.305
November	0.190	0.265
December	0.190	0.200
Last transacted market price of WZ Satu Shares as at the LPD		0.190

Source: Investing.com

10. IMPLICATIONS OF THE RULES ON TAKE-OVERS

The purchase of the Shares by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority will effectively cause the shareholders' respective percentage shareholding in the Company to increase without any corresponding increase in the actual number of Shares held, assuming all other things being equal.

Pursuant to Paragraph 4.01, Note 9 under Rule 4, Part B, of the Rules on Take-Overs, a person and/or any persons acting in concert with him/her ("**PACs**") will be obliged to make a mandatory take-over offer when:

- (a) a person obtains control in a company as a result of a buy back scheme by the company; or
- (b) a person (holding more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting shares or voting rights of a company), as a result of a buy back scheme by the company, increases his holding of the voting shares or voting rights of the company by more than two percent (2%) in any six (6) month period.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules on Take-Overs. In this respect, the Board will be mindful of the requirement of the Rules on Take-Overs when implementing the Proposed Renewal of Share Buy-Back Authority. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Share Buy-Back Authority, the relevant parties shall make the necessary application to the Securities Commission Malaysia for a waiver to undertake a mandatory offer pursuant to the Rules on Take-Overs.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings including, amongst others, the voting rights of the shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and/or Major Shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect in the Proposed Renewal of Share Buy-Back Authority.

12. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 15th AGM.

13. FURTHER INFORMATION

Shareholders are requested to refer to the Appendix I of this Statement for further information.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Statement, and there are no other facts and information the omission of which would make any statement in this Statement false or misleading.

2. MATERIAL LITIGATIONS

Save as disclosed below, as at 2 December 2019, being the latest practicable date of this Statement, neither the Company nor its subsidiary companies is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries:-

Writ of Summon and Amended Statement of Claim (High Court at Shah Alam Civil Suit No. BA-22NCVC-469-10/2019)

Plaintiffs: Dato' William Tan Chee Keong and Mr. Choi Chee Ken

Defendant: WZ Satu Berhad

3. MATERIAL CONTRACTS

There are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business which have been entered into by the Company or its subsidiaries within two (2) years immediately preceding on the date of this Statement.

4. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours (except public holidays) from the date of this Statement up to and including the date of the 15th AGM:-

- (a) Company's Constitution; and
- (b) The audited financial statements of the Company for the past two (2) financial years ended 31 August 2018 and 31 August 2019.