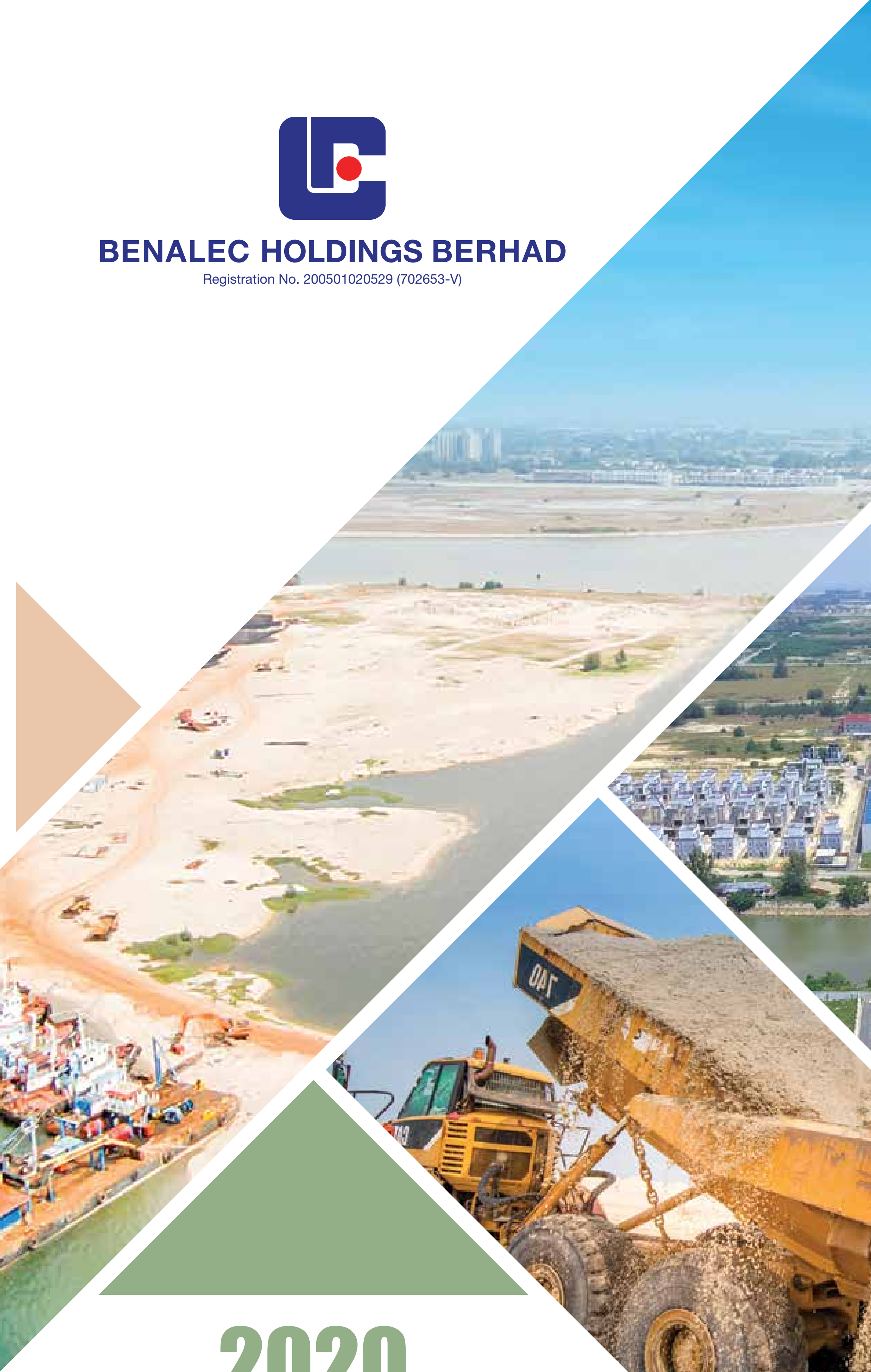
BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)



2020
ANNUAL REPORT

15th Annual General Meeting

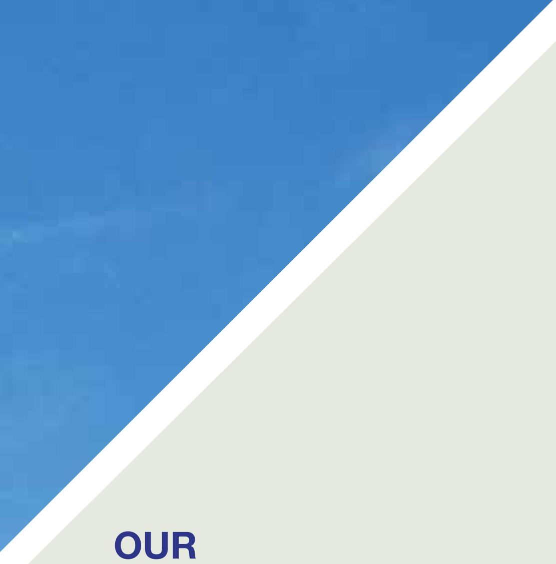
BROADCAST VENUE:

Pacific Board Room
Benalec Holdings Berhad Headquarters
No. 23, Jalan Perintis U1/52
Glenmarie Temasya, Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan

DATE & TIME:

Tuesday, 18 May 2021 | 10.00 a.m.

Access the full version of this report, or view a summary of our FYE 2020 performance at
www.benalec.com.my



INSIDE THIS REPORT

OUR ORGANISATION

GOVERNANCE

FINANCIAL PERFORMANCE

OTHERS

KEY INDICATORS

WHAT WE DO

- Marine Construction Services
- Vessel Chartering and Marine Transportation

OUR FLAGSHIP PROJECTS

CHC CHENG HO CITY SDN BHD

TGPIAI MARITIME INDUSTRIAL PARK

PENGERANG MARITIME INDUSTRIAL PARK

REVENUE
RM **161.06** MILLION

NET ASSETS PER SHARE
RM **0.56**

TOTAL NET ASSETS
RM **483.21** MILLION

TOTAL ASSETS
RM **802.56** MILLION

CORPORATE INFORMATION

BOARD OF DIRECTORS

WONG YOKE NYEN

Chairman,
Independent Non-Executive Director

Member:

Audit Committee
Remuneration Committee
Nomination Committee
Evaluation Committee

DATO' LEAW SENG HAI

Group Managing Director /
Chief Executive Officer

Member:

Evaluation Committee

KOO HOONG KWAN

Senior Independent Non-Executive Director

Chairman:

Audit Committee
Remuneration Committee
Nomination Committee
Evaluation Committee

FAZRIN AZWAR BIN MD. NOR

Independent Non-Executive Director

Member:

Audit Committee
Remuneration Committee
Nomination Committee

LEAW AI LIN

Non-Independent Non-Executive Director

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
(SSM PC No. 202008001472)

Lim Wei Lee (MAICSA 7064249)
(SSM PC No. 202008004038)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9191
Fax : 03-2783 9111

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

AUDITORS

BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : 03-2616 2888
Fax : 03-2616 3190 / 3191

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
United Overseas Bank Limited
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : **BENALEC**
Stock Code : **5190**

COMPANY WEBSITES

www.benalec.com.my
www.tgpiaimaritime.com.my
www.pengerangmaritime.com.my

CORPORATE PROFILE

VISION

Our vision is to achieve and maintain a high degree of professional expertise, coupled with dedicated and very experienced management, with the objective of enhancing our commitment to participate actively as one of the foremost home-grown Marine Construction Solution Providers contributing positively to the economic development of Malaysia.

MISSION

Our mission is to be a provider of an integrated, one-stop centre for marine construction services with the competency and capability to consistently deliver top-grade quality services to all our customers.

Corporate Profile
(continued)

BENALEC HOLDINGS BERHAD was incorporated on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, the Company was converted into a public limited company and assumed its present name on 29 September 2010. On 17 January 2011, Benalec Holdings Berhad ("Benalec" or "The Group") was listed on the Main Board of Bursa Malaysia Securities Berhad.

Founded by the late Mr. Leaw Eng Chang, Leaw Eng Chang Construction Co. Sdn. Bhd. was first incorporated in 1978 as a contracting company specialising in civil engineering works. Subsequently in 1996, it was renamed as Benalec Sdn. Bhd.. "Benalec" was derived from combining the Malay word "BENA" (which means to build or construct) with "LEC" which were the initials of Mr. Leaw Eng Chang.

Our first foray into the marine construction industry was in 1993 when Benalec was awarded two coastal protection work projects by Jabatan Pengairan dan Saliran, which includes the restoration of the damaged bund at Sungai Belukang, Bagan Datoh, Perak. Despite being widely recognised as one of the most difficult coastal protection works in Malaysia, Benalec earned high commendation for the successful completion of the project ahead of schedule and under extreme circumstances. This has become the foundation of Benalec's strong belief today that every adversity could be turned into opportunity.

The core values which we proudly embrace in Benalec are Innovation, Proactivity and Perseverance; these attributes, which form the foundation of our unique business model, are the source of inspiration driving us on our incessant quest to create value from all areas within the space we have chosen to operate in. Apart from our portfolio of securing land reclamation contracts from third parties, Benalec has been successfully undertaking its own projects, including land reclamation in Melaka, Port Klang and Johor since 2003.

Benalec has in a short span of time emerged as one of Malaysia's top-notch homegrown integrated marine construction solution providers and proven its capability in undertaking high end reclamation projects locally as well as regionally. It is a class "A" Civil and Marine Engineering Contractor registered with Sijil Perolehan Kerja Kerajaan (SPKK) and Construction Industry Development Board Malaysia (CIDB) and is an ISO 9001:2008 certified company. Benalec has also further expanded its operations into Singapore with the setting up of Benalec Sdn. Bhd. Singapore Branch, which has also achieved ISO 9001:2008 and OHSAS 18001:2007 accreditation and is registered with the Building and Construction Authority (BCA) Singapore under CW02-B1 and under SY01-L6.

Equipped with professional expertise and experience in marine and civil engineering works, coupled with its own wide range of marine equipment and marine vessels now at its disposal, Benalec Group has extended its capacity and capability to become a provider of an integrated, one-stop centre for marine construction services, competent in delivering top-grade quality services to its customers.

KEY MILESTONES

The Journey Begins

1978

Incorporated as an earthwork and general contractor serving major clients such as MADA, JKR, JPS and PKNK

1993

Awarded two coastal protection works project in Sungai Belukang and Sungai Tiang, Perak by JPS which marks our first foray into the marine construction industry

1995

Built our first vessel, a Twin Screw Anchor Handling Tugboat

1996

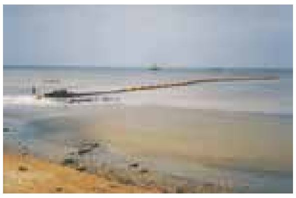
Changed our name from Leaw Eng Chang Construction Co. Sdn. Bhd. to Benalec Sdn. Bhd.

First turnkey Design & Build, Construction of Jetty, Helipad, Staircase and Associated Works at Pulau Perak, Kedah

Commenced first land reclamation project in Pantai Kok, Pulau Langkawi, Kedah

2000

First turnkey Design & Build, Beach nourishment works in Port Dickson (5km length)



Land reclamation and soil improvement works for Glenmarie Cove Project, Port Klang

Maiden large-scale land reclamation project in Melaka

2003

2005

Obtained ISO 9001:2000 for the provision of marine engineering and construction works and the provision of marine vessels and equipment chartering services

Key Milestones
(continued)

2008

Secured contract to supply and deliver sand to Tuas View reclamation in Singapore via a related company

Nusajaya Waterfront Precinct Project, Construction of marina at Puteri Harbour, Nusajaya Johor

Expanded our shipbuilding business activities through Benalec Shipyard

2009

Benalec's ISO upgraded to ISO 9001:2008

Benalec Singapore Branch obtained ISO 9001:2008 and OHSAS 18001:2007

2010

Land reclamation for Pulau Indah, Port Klang

2011

Listed on the Main Market of Bursa Malaysia Securities Berhad (stock code : 5190)

2015

Commencement of reclamation at Tanjung Piai Maritime Industrial Park

Commencement of reclamation at Pengerang Maritime Industrial Park

2017

Construction, completion and maintenance of rock revetment and associated works for Oriental Boon Siew (M) Sdn. Bhd. in Melaka

2018

2019

Commencement of the coal affreightment contract for TNB Fuel Services

The Journey Continues

CORPORATE STRUCTURE

BENALEC HOLDINGS BERHAD
Registration No. 200501020529 (702653-V)

- 100% **BENALEC SDN BHD** 197801002024 (39054-A)
  - 51% BENALEC CETEAU ASIA SDN BHD 201001014614 (898848-K)
  - 100% BENALEC CONSTRUCTION SDN BHD 201101039633 (967755-P)
  - 100% BENALEC DIVERSITY SDN BHD 199901003385 (478285-A)
  - 100% BENALEC LAND SDN BHD 200401036172 (674683-H)
  - 100% BENALEC MARITIME SDN BHD 200701028467 (786489-A)
  - 100% BENALEC VENTURE SDN BHD 201101041260 (969382-X)
  - 49% GABUNGAN KHAS SDN BHD 201401006909 (1082987-X)
  - 100% GOLDNET SYNERGY SDN BHD 201101019250 (947383-W)
  - 100% HERITAGE LAND DEVELOPMENT SDN BHD 200901017249 (860345-V)
  - 100% HERITAGE LAND REALTY SDN BHD 200901017256 (860352-M)
  - 100% HERITAGE LAND SDN BHD 200901015335 (858409-T)
  - 100% HERITAGE PROPERTY SDN BHD 200901010817 (853839-T)
  - 100% JAYAMAS CEKAP SDN BHD 201101001007 (929141-T)
  - 100% JEWEL EAST SDN BHD 201101018761 (946897-U)
    - 100% CHENG HO CITY SDN BHD 201101018146 (946282-W)
    - 100% ICONIC ISLAND SDN BHD 201101020854 (948991-V)
    - 100% ONE WORLD ISLAND SDN BHD 201101018765 (946901-K)
    - 100% ZHENG ISLAND SDN BHD 201101018145 (946281-X)
- 100% **OCEANLINER PTE LTD** (200910031W)

Corporate Structure
(continued)

100% KLEBANG PROPERTY SDN BHD
200901010815 (853837-M)

100% OCEANVIEW REALTY SDN BHD
201001014645 (898879-K)

100% OG MARINE SDN BHD
200201030023 (597686-X)

100% ORIENTALCOVE REALTY SDN BHD
200601017630 (737382-W)

100% PENGERANG MARITIME INDUSTRIES SDN BHD
201101016494 (944630-X)

- 70% SPEKTRUM BUDI SDN BHD
  201101012585 (940725-W)

100% SENTOSACOVE DEVELOPMENT SDN BHD
200801024339 (825663-A)

100% STRATEGIC COVE SDN BHD
201001014604 (898838-A)

100% STRATEGIC LAND SDN BHD
201001014611 (898845-T)

100% TANJUNG PIAI MARITIME INDUSTRIES SDN BHD
201101015140 (943274-D)

- 70% SPEKTRUM KUKUH SDN BHD
  201101013821 (941961-V)

100% WILAJATI SDN BHD
200801023570 (824893-W)

51% ATLANTIC OCEAN LTD
(LL11686)

100% OCEANLINE (LABUAN) LTD
(LL06799)

100% OCEAN MARINE LTD
(LL07031)

51% OCEAN PACIFIC LTD
(LL11480)

100% PACIFIC LTD
(LL07033)

PROFILE OF DIRECTORS

WONG YOKE NYEN

Chairman, Independent Non-Executive Director

Age 62 | Male | Malaysian

Wong Yoke Nyen, was appointed as an Independent Non-Executive Director of the Company on 5 October 2010. He was subsequently redesignated as the Chairman of the Board on 26 November 2019. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Evaluation Committee of the Company.

He obtained his degree in Bachelor of Arts with Second Class Honours (First Division), having completed a course in Accountancy from City of London Polytechnic, UK (now known as London Metropolitan University). He is also a graduate of the Wharton Advance Management Program from the Wharton School of the University of Pennsylvania, US. In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than thirty (30) years of dedicated corporate finance and investment banking experience. He was the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad. He was an Honorary Advisor to the Master Builders Association Malaysia from July 2008 to June 2010. In 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide corporate finance advisory services. He is currently the Managing Director of WYNCORP Advisory Sdn Bhd.

His directorships in other public companies include New Hoong Fatt Holdings Berhad, Xidelang Holdings Limited, Focus Lumber Berhad and Sentoria Group Berhad. He does not hold any securities in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) board meetings held during the financial year ended 31 December 2020.

Profile of Directors
(continued)

DATO' LEAW SENG HAI

Group Managing Director / Chief Executive Officer

Age 59 | Male | Malaysian

Dato' Leaw Seng Hai, was appointed to the Board as a Director of the Company on 12 July 2005. He was redesignated as Group Managing Director on 5 October 2010 and was further redesignated as Group Managing Director/Chief Executive Officer on 11 February 2015. He is a member of the Evaluation Committee. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) from University College of London, United Kingdom in 1985. Upon graduation, he joined the family's civil engineering business as a Site Engineer tasked with overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994.

Dato' Leaw has accumulated extensive expertise in marine construction and business management over the past thirty (30) years. He has been the driving force behind the Group's remarkable growth and remains the chief architect in conceptualising, formalising and implementing the Group's strategies. He maintains a hands-on approach and is actively involved in overall contract implementation, execution and management of all projects undertaken by the Group to ensure that the Group remains consistently reliable, cost-effective and efficient. His in-depth knowledge of marine construction has been the key factor in the Group's success in securing major marine construction contracts.

He is not a director of any other public company. He is a Director of Oceancove Sdn Bhd, a direct major shareholder of the Company. He has direct interest in the securities of the Company and is an indirect major shareholder of the Company. He is the father of Leaw Ai Lin, a Non-Executive Director of the Company. Save as disclosed above, he has no family relationship with any other director and/or direct major shareholder of the Company. He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has been publicly reprimanded on 11 August 2015 by Bursa Malaysia Securities Berhad ("Bursa Securities") with a fine of RM50,000 for breach of Paragraph 16.13(b) of the Main Market Listing Requirements of Bursa Securities. He attended all four (4) board meetings held during the financial year ended 31 December 2020.

Profile of Directors
(continued)

KOO HOONG KWAN

Senior Independent Non-Executive Director

Age 76 | Male | Malaysian

Koo Hoong Kwan, was appointed as an Independent Non-Executive Director on 5 October 2010. Subsequently, he was appointed as Senior Independent Non-Executive Director on 26 February 2013. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Evaluation Committee of the Company.

He obtained a degree in Bachelor of Economics in Statistics (Second Class Honours) from the University of Malaya in 1969. He is a Fellow Member of The Chartered Institute of Management Accountants of United Kingdom and is also a member of the Malaysian Institute of Accountants (MIA). Additionally, he is a Certified Financial Planner and a Certified Quality Trainer. He commenced his career as a Statistician in the Department of Statistics in 1969. In 1979, he worked as an audit senior in Miller, Brener & Co, a London firm of Chartered Accountants and gained audit experience in a wide range of industries. During the period from 1983 to 1987 he extended his auditing experience with McLaren & Stewart, a firm of Chartered Accountants in Perth when he relocated to Australia. He subsequently joined Hughes Group (Australia) Ltd, a group of diversified companies as a Finance Manager. In 1989, he joined W. James & Associates, a firm of financial and business consultants as a freelance consultant advising on corporate debt restructuring strategies. Upon his return to Malaysia in 1992, he worked as a Financial Controller in Pesaka Jardine Shipping Agencies Sdn Bhd, an international shipping agency. Between 1998 and 2000, he worked for Pancaran Ikrab Berhad as the Group Financial Controller and later joined Mercury Industries Berhad in a similar capacity. He is currently a freelance consultant providing wide-ranging business and financial advisory services.

His directorships in other public company include Mercury Industries Berhad. Except for his shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) board meetings held during the financial year ended 31 December 2020.

Profile of Directors
(continued)

ENCIK FAZRIN AZWAR BIN MD. NOR

Independent Non-Executive Director

Age 55 | Male | Malaysian

Fazrin Azwar bin Md. Nor, was appointed as an Independent Non-Executive Director of the Company on 27 February 2019. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He graduated from the University of Malaya with a Bachelor of Law (LLB) Honours Degree in 1990. He is an Advocate and Solicitor and a member of the Malaysian Bar. He is currently the Managing Partner of Messrs Azwar & Associates. He is also a chartered member of The Malaysian Institute of Directors and The Institute of Internal Auditors Malaysia.

His directorships in other public companies include Mercury Industries Berhad, Poh Kong Holdings Berhad and Tong Herr Resources Berhad. He does not have any conflict of interest with the Company nor has he any family relationship with any other Directors and/or major shareholders of the Company. He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all four (4) board meetings held during the financial year ended 31 December 2020.

Profile of Directors
(continued)

LEAW AI LIN

Non-Independent Non-Executive Director

Age 29 | Female | Malaysian

Leaw Ai Lin, was appointed as a Non-Independent Non-Executive Director of the Company on 16 October 2020. She holds a Bachelor of Science in Accounting and Finance with First Class Honours from the London School of Economics and Political Science (LSE), United Kingdom. She later attended Harvard University's Undergraduate Summer School in Boston, Massachusetts, United States of America, where she completed an undergraduate programme in Corporate Strategy.

She began her career in investment banking as a client coverage banker with Hong Leong Investment Bank ("HLIB") where she participated in structuring and executing M&A transactions in industries such as real estate, property development and oil & gas. During her time at HLIB, she assisted in pitching for and the execution of various corporate exercises involving IPOs, RTOs, equity as well as debt issuances. She later joined the Company as Senior Manager to head the Corporate Strategy and Business Development departments. Following her appointment as Executive Director in 2017, her role consisted of planning and establishing the Company's long-term strategic goals, identifying and assessing new synergistic business areas aligned with the Company's core competencies, as well as executing these strategies with the aim of adding value and improving the Company's competitive position. She was then redesignated to her current position in 2020.

She has no directorships in other public companies. She is the daughter of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company. Save as disclosed, she does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years. She attended all four (4) board meetings held during the financial year ended 31 December 2020.

PROFILE OF KEY MANAGEMENT

CHIN WEI EE

Chief Financial Officer

Age 37 | Female | Malaysian

Chin Wei Ee, graduated with a Bachelor of Accounting (Hons.) from Multimedia University in 2009. She is also a member of CPA Australia and Malaysia Institute of Accountants (MIA).

Upon obtaining her degree, she started her career as a Internal Auditor in Tien Wah Press Holdings Berhad and thereafter proceeded to join the finance department of GPA Holdings Berhad. She joined the Company in 2013 as a Group Accountant and was promoted as Financial Controller in 2016. She was promoted to her current position in 2019 and currently oversees the financial management of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has not conflict of interest with the Company. She does not hold any securities in the Company. She has not been convicted of any offences with the past five (5) years.

KOID HENG HUA

Project Director

Age 56 | Male | Malaysian

Koid Heng Hua, completed his Sijil Pelajaran Malaysia Vokasional. He joined the Company in 1995 as a Project Supervisor and has since accumulated more than twenty-five (25) years of experience in civil and marine construction works. His role includes managing the Company's civil and marine construction projects which includes dredging, reclamation, rock revetment works, marine structures and jetties, breakwater construction, pre-bore and marine piling works. With his vast on-site management experience, he was promoted as Senior Project Manager in 2014. He is now the Project Director and is assigned with the responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities.

He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He does not hold any securities in the Company. He has not been convicted of any offences within the past five (5) years.

NORAZIRA BINTI SAIDUN

Head of Contracts & Operations

Age 41 | Female | Malaysian

Norazira Binti Saidun, graduated with a Diploma in Building in 2001 and a Bachelor Science of Building Surveying with Honours in 2003 from the MARA University of Technology. Upon graduation, she joined our Group as a Quantity Surveyor and has accumulated direct relevant knowledge and exposure to different civil, marine and building engineering works. In the course of her years with our Group, she has also been extensively exposed to both pre and post contract works, having taken lead roles in managing the tendering processes and overseen many projects from inception to completion. She is now Head of Contracts & Operations, primarily responsible for managing the overall pre and post contract administration of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She does not hold any securities in the Company. She has not been convicted of any offences within the past five (5) years.

Profile of Key Management
(continued)

TAN GUAN CHONG

Acting General Manager

Age 31 | Male | Malaysian

Tan Guan Chong, graduated with a Bachelor (Hons) of Mass Communication from SEGi University. He started his career with Sunway IFM in 2011 as Public Relations Officer and joined the Group as Supervisor in 2015. He was promoted as Project Manager in March 2017 and was assigned with the responsibility of monitoring site activities for Johor projects. With hands-on operational experience at the project sites of the Group, he was redesignated to his current position in 2020 and is currently responsible for the operational planning and project implementation while continue with the management of site operations for the projects of the Group based in Melaka and Johor.

He is not a director of any public company. He is the nephew of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company, and the cousin of Leaw Ai Lin, a Director of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

NORMALAWATI NADZRI

Senior Manager, Operations & Human Resources and Administration

Age 46 | Female | Malaysian

Normalawati, graduated with Executive Masters in Management from Asia E University in 2013. She has vast experience and knowledge in Human Resource Management in various industries namely property development, construction and MNC manufacturing. She was with Puncak Niaga Group (2001 - 2006), SP Setia Group (2007-2008) and DRB Hicom Group (2009 - 2014).

Normalawati joined the Group in 2015 and is responsible to oversee the Human Resource and Administration portfolio. She was redesignated to her current position in 2019.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She does not hold any securities in the Company. She has not been convicted of any offences within the past five (5) years.

SALEHUDIN BIN OMAR

Marine Administration Manager

Age 50 | Male | Malaysian

Salehudin, completed his Sijil Tinggi Pelajaran Malaysia ("STPM") pre-university education. He started his career with Equator Engineering Sdn Bhd from 1993 to 2010. In August 2010, he joined the Group as Human Resource & Administration Assistant. Progressively, he expanded his role into marine administration and was promoted to his current position in 2019, overseeing all aspects of marine administration activities.

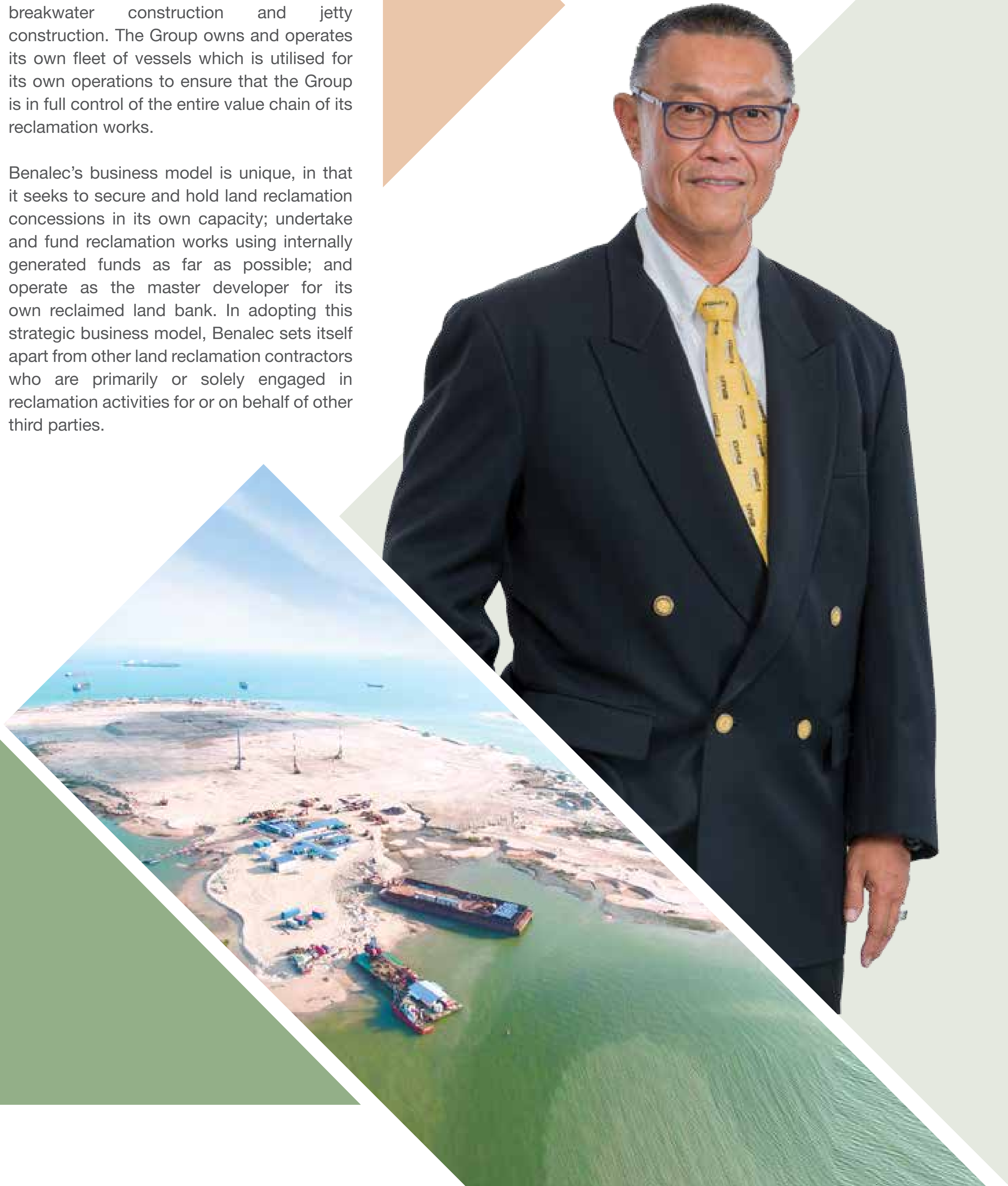
He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He does not hold any securities in the Company. He has not been convicted of any offences within the past five (5) years.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The principal activity of Benalec Holdings Berhad ("Benalec" or "the Group") is in marine construction works, comprising land reclamation, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction. The Group owns and operates its own fleet of vessels which is utilised for its own operations to ensure that the Group is in full control of the entire value chain of its reclamation works.

Benalec's business model is unique, in that it seeks to secure and hold land reclamation concessions in its own capacity; undertake and fund reclamation works using internally generated funds as far as possible; and operate as the master developer for its own reclaimed land bank. In adopting this strategic business model, Benalec sets itself apart from other land reclamation contractors who are primarily or solely engaged in reclamation activities for or on behalf of other third parties.



Management Discussion and Analysis
(continued)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONTINUED)

By acting as the master developer, project owner and contractor of its own projects, Benalec is able to create and realise more value to further enhance returns on invested capital.

Benalec has a proven, consistent and solid track record, having secured an aggregate concession size in excess of 8,000 acres across the Klang Valley, Melaka and Johor. Over the past 15 years, the Group has successfully reclaimed land spanning more than 2,500 acres.

The Group is currently embarking on its next phase of growth via two (2) flagship projects in south Johor, namely Tanjung Piai Maritime Industrial Park ("TPMIP") and Pengerang Maritime Industrial Park ("PMIP"). Leveraging on its execution capabilities and proven track record as a successful master developer of its Melaka concessions, Benalec plans to replicate its role as a master developer for both TPMIP and PMIP.

TPMIP is a man-made island with sea fronting industrial land spanning 3,485 acres, located within the vicinity of Port of Tanjung Pelepas and strategically situated along one of the busiest shipping routes in the world, the Melaka and Singapore Straits, a mere 8km away from the Johor-Tuas second link bridge and 17km away from Jurong Island in Singapore, the main oil distribution and trading hub of Southeast Asia.

PMIP, a sea-fronting tract of industrial land spanning 1,672.8 acres, sited a mere 5-6 km from the RAPID project by Petronas and Saudi Aramco within the Pengerang Integrated Petroleum Complex ("PIPC"). Located strategically on the southeast tip of Johor, it will be the only remaining sea-fronting industrial land available for third party investment within the vicinity upon completion of reclamation.

Both TPMIP and PMIP will be developed into oil and gas industrial parks in line with the Malaysian Government's and the State of Johor's common objective of transforming Johor into a sustainable, world-class downstream oil and gas hub. Strategically located and nestled among various other catalytic development projects, TPMIP and PMIP will be the key driver of Benalec's planned growth for the next 10 to 15 years.

Management Discussion and Analysis
(continued)




FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES

The COVID-19 pandemic has caused unprecedented and unparalleled disruption to many aspects of the economy. We have seen significant changes in the overall pattern of production, consumption and trade, as well as contractions on income, spending and employment of the country. Benalec, like most other companies within the construction and property development sector, is adjusting the pace of its operations to ride out the existing uncertainties and slowdown within its operating segment.

Revenue

The Group recorded revenue of RM161.1 million for FY 2020, compared to RM135.9 million for FY 2019.

The Group has four (4) operating segments that are managed separately according to their attributes and operational characteristics. The reportable segments are as follows:-

(a) Marine construction activities;
(b) Vessel chartering and marine transportation;
(c) Shipbuilding and provision of ship repair, maintenance, fabrication and refurbishment services; and
(d) Other operating segment comprising investment holding.

The respective segmental contribution to the Group's revenue is as detailed below: -

(a) Marine Construction segment

(i) Disposal of land held for sale

Disposal of land held for sale was one of the main contributor to the Group's revenue for the financial year under review, accounting for RM58.2 million or approximately 36.1% in FY 2020 and RM86.8 million or 64.6% in FY 2019 of the Group's total revenue. Benalec's business model is unique in that land reclamation works performed by the Group are compensated either by way of cash or land portion, or a combination of both. Land portion, which is received as in-kind settlement for certain reclamation contracts, is available for immediate sale and is typically realised through a land disposal transaction. In accordance with accounting standards adopted by the Group, the revenue and cost of sale for these land sale transactions can only be recognised in the income statement upon completion of the Sale and Purchase Agreement ("SPA") for each land sale.

As at the date of this Annual Report, the Group has existing landbank of 98.08 acres which have been fully reclaimed and issued with land titles available for sale in Melaka in its inventory. The Group expects the demand for its land bank in Melaka to remain resilient despite the recent economic downturn due to the sustained and rapid developments taking place in Melaka.

Management Discussion and Analysis
(continued)

FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES (CONTINUED)

Revenue (continued)

(a) Marine Construction segment (continued)

(ii) Land reclamation services

Revenue from land reclamation services was predominantly generated from reclamation contracts undertaken by the Group for third parties in Malaysia. Revenue derived from this category for FY 2020 was recorded at RM28.4 million, compared to RM30.7 million in FY 2019.

The outstanding order book of the Group for all land reclamation contracts in Melaka and Pulau Indah as at FY 2020 stands at RM87.9 million and the Group is confident that this segment of revenue will contribute significantly to its improved financial performance in the ensuing financial years.

In addition to the land reclamation revenue recognition in Melaka and Pulau Indah, the Group has undertaken land reclamation works at TPMIP and PMIP. As of FY 2020, approximately RM425.9 million of development expenditure has been capitalised as land reclamation work-in-progress for both these projects. The Development Agreements which grant the exclusive right to subsidiaries of the Group to undertake the reclamation and development of TPMIP and PMIP were entered into by Spektrum Kukuh Sdn Bhd and Spektrum Budi Sdn Bhd respectively (both are 70%-owned subsidiaries of Benalec) with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI"). According to accounting standards adopted by the Group, no revenue or profit can be recognised throughout the reclamation and development process and can only be recognised upon successful disposal and/or leasing of the land at TPMIP and PMIP to third parties.

With vast tracts of land to be reclaimed at its two current flagship projects, namely TPMIP and PMIP, the Group's venture into Johor provides a springboard for achieving business sustainability and positive growth prospects over the next several years. This is despite the prevailing risks significantly affecting a myriad of dynamics in the business environment, global recession mainly caused by the Covid-19 pandemic, recent change of government in Malaysia, belt tightening by corporates brought on by imposition of the Movement Control Order (MCO) by the Malaysian government to combat Covid-19, oil price volatility, market makers and players adopting a wait-and-see approach and tightening of financial markets.

(b) Vessel Chartering and Marine Transportation segment

The Group's vessel chartering operations and marine transportation recorded a revenue of RM74.5 million or 46.3% of the total revenue of the Group in FY 2020, as compared to RM9.6 million or 7% of the total revenue in FY 2019. Such significant increase is mainly arising from the contract of affreightment for shipments of coal for TNB Fuel Services Sdn. Bhd. during the year. The Group has, on an ongoing basis, been providing vessel chartering services, as well as contracts for freight arrangement to a diversified clientele base.

(c) Shipbuilding and Provision of ship repair, maintenance, fabrication and refurbishment services

No revenue contribution was recorded from the shipbuilding segment during the year. The Group had on 1 July 2020, disposed off its wholly-owned subsidiary, Benalec Shipyard Sdn. Bhd. and ceased from its shipbuilding segment. All ship repair and maintenance activities will only be undertaken on vessels owned by the Group.

Management Discussion and Analysis (continued)

FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES (CONTINUED)

Loss Before Taxation

The Group recorded a loss before taxation of RM73.8 million in current FY 2020 as compared to a loss before taxation of RM64.1 million in the prior financial period. Despite the increase of revenue in the current financial year, the Group has seen a decrease of gross profit from RM30.4 million in FY 2019 to a gross loss of RM11.5 million in FY 2020. The decrease was mainly due to the loss arising from the disposal of land transactions of which were deemed necessary by the Board of Directors in sustaining the operations of the Group amidst the depressed and uncertain market condition caused by the Covid-19 pandemic.

Such loss was further exacerbated by several significant one-off cost and impairments in the current financial year, such as impairment of contract asset of RM6.1 million, impairment of work-in-progress of RM2.6 million, as well as the recognition of finance cost of RM19.3 million due to the unwinding of discount in relation to the redemption of the Redeemable Convertible Secured Bonds in FY 2020.

Assets, Liabilities and Liquidity

Trade and other receivables increased by 86.9% as compared to preceding period, recorded at RM48.4 million in FY 2020 and RM25.9 million in FY 2019. The increase was mainly arising from the land reclamation works done by the Group in Melaka during the current financial year.

As at 31 December 2020, the Group had cash and bank balances of RM25.1 million, including deposits pledged as security for the Group's banking facilities. The main decrease of RM4.8 million from FY 2019 is mainly due to the full redemption of the Redeemable Convertible Secured Bonds by the Group on 29 July 2020.

Management Discussion and Analysis
(continued)

ANTICIPATED OR KNOWN RISKS

Our Group operates in the marine construction business and its primary activity involves reclaiming and selling large tracts of commercial and industrial land, operations which are both capital intensive and necessitate long gestation periods. Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the marine construction and property/real estate industry, including (but not limited to) the following:-

(a) Demand and supply conditions

The demand for marine construction projects and reclaimed sea-fronting land is generally dependent on the demand from the Group's key target markets, such as local and foreign companies as well as government authorities involved in:-

- Mixed residential and commercial developments;
- Light, medium and/or heavy industrial developments;
- Oil and gas industries;
- Tourism and leisure developments;
- Maritime and logistics industries;
- Civil and agricultural industries; and
- Socio-economic and environmental protection initiatives.

In general, an increase in investments and/or activities within these sectors would translate into an increased demand for sea-fronting land which the Group reclaims, with a positive knock-on effect accruing to our marine construction services as well.

The investment appetite of both local and foreign investors is also typically affected by the political landscape, both local and international, prevailing economic conditions, as well as ease of securing funding from the capital market.

Given the slowdown in many of these industries as a consequence to the Covid-19 pandemic, the Group also experienced a knock-on effect in terms of the demand for its reclaimed sea-fronting land during this uncertain time. However, as land disposal transactions remain necessary to the Group as one of its significant revenue contributor, transactions made in FY 2020 were deemed in the best interest of the Company with the utmost priority in ensuring its financial health.

(b) Dependence of economic, regulatory and political consideration

The Group's ability to monetise its reclaimed sea-fronting land is highly dependent on the local political climate as well as the prevailing economic conditions. Potential land buyers are understandably cautious in terms of committing to new investments, especially if the prevailing economic and political climate is unstable or uncertain.

In the current prolonged economic downturn, exacerbated by the current health crisis caused by Covid-19 pandemic, potential buyers of, or investors in, our industrial land are facing increased difficulty in securing funding and loans from banks and this has undoubtedly led to a delay in their reinvestment or expansion plans. Property development companies involved in "landbanking" activities have also adopted a conservative approach amidst a slow property market which does not make it viable for them to launch new development projects.

Another restrictive dynamic is that marine construction companies are governed by national, regional and international regulations and policies. Failure to obtain the necessary approvals may result in inability to undertake such projects while non-compliance may result in stop-work orders, penalties or detention of vessels.

The Group undertakes detailed planning and assessment prior to commencing any given project, formulating as well as adhering to a comprehensive project quality plan throughout the course of project execution. However, from time to time the relevant Authorities may make changes to applicable regulations affecting the Group's operations, thereby obligating the Group to modify its facilities or incur expenses that could have an adverse impact on the Group's operating results.

Management Discussion and Analysis (continued)

ANTICIPATED OR KNOWN RISKS (CONTINUED)

(c) Market prices of reclaimed land upon disposal of our land portion

Under our revenue model, payment for our land reclamation projects is settled by way of cash and/or land portion. In this respect, market prices of the land portion upon disposal is not within the Group's control and is a result of a number of different factors such as the macroeconomic environment and sentiments of the property market in general, as well as factors limited to the locality of the projects including surrounding upcoming developments and local government regulations.

However, to mitigate this, prior to undertaking a project which the Group will be compensated by way of land portion, comprehensive due diligence is carried out on the land and surrounding vicinity whereby the potential value of the land portion, as well as the demand-supply condition of land in such vicinity, are given due and critical consideration. We also assess the possible infrastructure enhancements on the said lands which could potentially increase their market value.

(d) Supply of diesel, sand and rocks

Diesel, sand and rocks constitute major components used in our marine construction activities. Hence, any shortage in the supply of diesel, sand or rocks may affect the operations of the Group. To mitigate this, the Group sources diesel, a key component, from a number of suppliers to minimize over-dependency on any single supplier. In addition, any fluctuation in the prices of diesel, sand or rocks will directly affect the profit margin of the Group. We endeavor to mitigate this uncertainty and fluctuations in the price of sand by entering into agreements with sand concessionaires to extract sand at specified pricing for a defined time period.

(e) Delay in completion of marine construction contracts and cost overruns

Marine construction companies are vulnerable to operational risks such as breakdowns of equipment and machinery, volatile weather conditions, and accidents involving operation facilities and personnel during work execution. The Group strives to complete its projects within the stipulated timeframes by adopting the following measures: -

(i) Our vessels and equipment are well maintained by our own in-house repair and maintenance team and are managed under a programmed maintenance schedule to prevent breakdown and minimize downtime. Personnel operating the Group's vessels and equipment are professionally trained in proper handling of its vessels and equipment, safety requirements and emergency procedures;

(ii) The Group ensures that it has the necessary back-up resources to cope with unexpected breakdowns at any one time, such as storage of adequate spare parts and back-up equipment; and

(iii) The Group mitigates the effects of adverse weather conditions through systematic project planning such as taking cognizance of weather forecasts from the Malaysian Meteorological Department and the use of tide tables published by the National Hydrographic Centre to estimate the occurrences of high and low tides.

(f) Recognition of Barges, Dredgers and Land Machineries

Vessels, land machineries and equipment are essential operational assets for a marine construction company. Unlike many other marine construction contractors, Benalec owns and operates its own fleet of vessels, as well as land machineries such as excavators, wheel loaders, cranes and dump trucks to support its marine construction projects.

The recognition and recoverability amount of the vessels is dependent on domestic and regional shipping and fleet demand. During the current FY 2020, the Group has performed full assessment on those vessels based on fair value less disposal cost (as estimated by an independent valuer). Due to the current market environment of the domestic and regional maritime industry, there has been a softening in demand for vessels which in turn negatively affects the valuation of barges and dredgers owned by the Group.

However, by owning and operating a fleet of specialised vessels, land machineries and equipment essential for a wide range of marine construction projects, the Group is able to undertake sizeable marine construction jobs of a diverse range (sand delivery, dredging, coastal protection, land levelling etc) in a time-efficient manner and reducing the dependency of chartering or renting of vessels and machineries from third parties. As a result, the Group is able to capitalise on many different business opportunities, thereby ensuring optimum utilisation of its fleet of vessels and equipment.

Management Discussion and Analysis
(continued)

FORWARD-LOOKING STATEMENTS

Melaka – Cheng Ho City

Demand for the Group's prime sea-fronting reclaimed land bank in Cheng Ho City, Melaka, which is only 7 kilometers away and a mere 12-minute drive to the west of Melaka City Center, continues to be robust due to the sustained and rapid developments taking place in Melaka over the past few years. This is underscored by the Group's ability to monetise more than 957.1 acres of land in Melaka to-date, amounting to more than RM1.3 billion in land sales being achieved.

Designated as a UNESCO-listed World Heritage site, Melaka is one of the popular tourist destinations for both inbound and domestic tourism. Melaka, strategically located along an important sea route which has been described as 'The 21st Century Maritime Silk Road' is primed to become China's gateway to Southeast Asia. The increase of tourists from China have been growing steadily year-on-year from 255,000 in 2010 to almost 1.7 million visitors in 2018.

The tourism industry in Melaka has however been greatly affected by the steep drop in tourist arrivals since March 2020 as a result of the Covid-19 pandemic, as well as the movement control orders implemented by the government to curb the spread of Covid-19 that restricted interstate and inter-district travel. Nevertheless, the industry showed sign of recovery up to 90% with the revival of domestic tourism when the interstate travel ban lifted during the Recovery Movement Control Order (RMCO) period, with initiatives and assistance provided by the Economic Recovery Plan (PENJANA) and other stimulus packages such as Prihatin.

Many countries have begun the inoculation drive against Covid-19, seeking to push back the pandemic that has so far claimed many lives. When the level of infection remains consistently low as more people are vaccinated or when the country is able to reach an ideal herd immunity level, causing travel restrictions to be eased, country borders to be reopened for international tourism, we are confident that visitors are set to throng this historic city once again.

Aside from the tourist-centric and purpose-built tourist-themed developments such as Impression City Melaka, Melaka has seen launches of new developments in recent years despite the general slowdown of the property market in Malaysia. Launches such as the Yaxin Sheraton City, The Sail Melaka and Hasbro-themed water park are expected to engender renewed interest in Melaka and cater to a wider mix of tourist arrivals to Melaka. According to Real Estate and Housing Developers Association (REDHA), the property market in Melaka is stable despite the adverse impact of Covid-19 pandemic. With Melaka sustaining its resilient growth trajectory, both in terms of economic development and international prominence, the value of the Group's substantial land bank in the State is bound to be significantly enhanced and the Group is set to continue to benefit from its substantial land bank and projects in Melaka moving forward.

FORWARD-LOOKING STATEMENTS (CONTINUED)

Pulau Indah

The Group's Pulau Indah land development continues to attract strong interest and demand from various small to medium sized, as well as large scale logistics companies, which are interested in building facilities in the Pulau Indah area. The Group's development provides excellent connectivity with Westport being literally located next door and Kuala Lumpur International Airport only 45 minutes away.

Spillover effects from surrounding developments within the area will further enhance the value of the Group's land bank in Pulau Indah. Central Spectrum Sdn Bhd's Selangor Bio-Bay, a mixed development comprising industrial, commercial and residential developments focused on promoting biotech and life-science sectors, is located immediately adjacent to the Group's land bank. Moreover, large scale projects which have been announced in the past include IKEA's RM900 million regional distribution and supply chain centre at Central Spectrum's Pulau Indah Industrial Park ("PIIP") development which is located directly opposite the Group's landbank and Westports Holdings Bhd's RM10 billion port expansion over the next 25 years comprising expansion of its Container Terminal 10 (CT10) to 17 (CT17) via a 146.4-hectare of leasehold land acquisition. This eight additional berths will support and strengthen Port Klang's role as the pre-eminent port for the nation's gateway trade, which is mainly operated by Westport's current container terminal facilities comprising CT1 to CT9 already operating at a 77% capacity. Westports is located only 8km from the Group's landbank in Pulau Indah. In addition, the estimated RM3.3 billion 1,200MW Combined-Cycle Gas Turbine Power Plant in Pulau Indah is expected to spur further economic growth in the region. Scheduled to commence operation by January 2024, the power plant is expected to improve baseload supply for the region and help attract new industrial development investments and stimulate the economic activity within the region.

The Group aims to provide an alternative land development product offering within the area by differentiating its development within the Pulau Indah area. Benalec's development offers larger plots of land with access to the river front and at a significantly more competitive and attractive price point. This offers potential offtakers of the Group's Pulau Indah industrial land development a choice of large tracts of land at a much more accessible price point into the booming and ideally located Pulau Indah area.

Benalec's strategy in selling larger plots of land with basic infrastructure not only allows it to differentiate its offering from other surrounding developments, it further allows the Group to lower its holding costs by not having to incur additional costs and capex for infrastructure. Purchasing large tracts of land provides potential buyers of the Group's Pulau Indah industrial land development with a large blank canvas to design and build large-scale facilities to fit specific and tailored requirements. Due to scarcity of land, land developments within the Pulau Indah area offers limited land for future expansion and hence, a large scale landbank such as ours would provide prospective purchasers with the security and assurance of landbank availability within its own integrated complex or area for future developments and/or expansion plans.

Based on the Group's strategy targeting different market segments and clientele compared to other existing surrounding developments, the Group is confident that it has a unique competitive advantage and will be able to successfully monetise its land bank in Pulau Indah in the near future.

Management Discussion and Analysis
(continued)

FORWARD-LOOKING STATEMENTS (CONTINUED)

Johor – Tanjung Piai Maritime Industrial Park ("TPMIP")

Reclamation works at the Group's TPMIP project have commenced since the Detailed Environmental Impact Assessment ("DEIA") approval was obtained. To-date, around 163 acres of land have been reclaimed for immediate expansion should the requirement arises.

The Group is pleased to be in collaboration and discussions with several parties to explore TPMIP's suitability as the project site for different projects ranging from power plants, storage terminals, aromatic plants, refineries and steel mills. The new International Maritime Organisation (IMO) regulation for a global sulphur cap of max 0.5% for marine fuels (reduced from its previous level of 3.5%) officially started since 1 January 2020. This has significantly changed the regional landscape of demand for low sulphur fuel, therefore significantly impacting the trading patterns as well as the storage market within the region. New demand for desulphurization plants to remove or decrease sulphur contents in fuel has arisen and smaller storage tanks with greater flexibility for blending activities are more sought after. This unprecedented change in the market presented new opportunities for newer and more flexible plants and terminals that comply with the latest industry regulations to be constructed, thereby increasing demand for suitable locations within the Greater Singapore region (a term widely used within the oil and gas market to include Johor and the nearby Indonesian islands surrounding Singapore). The expansion from Singapore is the result of its land shortage for further oil terminals.

Despite the very challenging global economic situation with plunging oil prices, Russia-Saudi Arabia oil price war and China-United States trade war, opportunities remain positive in the region. The sales of marine fuels in Singapore within 2020 increased by 5%, to 49.83 million MT compared to the total 47.46 million MT in 2019, according to data from the Singapore Maritime and Port Authority (MPA). We are confident that TPMIP's unique characteristics will increase its competitive advantage to capture opportunities that will arise imminently, including its strategic location at the confluence of the Melaka Straits, Singapore Straits and Johor Straits, making it well placed to capture value-added activities from one of the busiest shipping lanes in the world. TPMIP is located at the doorstep of other major ports in Southeast Asia such as Jurong Port and Port of Tanjung Pelepas. Coupled with its natural deep water of up to 30 meters and the availability of vast tracts of land for future expansion, TPMIP represents an extremely viable and attractive storage and logistical alternative to the land and draft-restricted Singapore.

Management Discussion and Analysis
(continued)

FORWARD-LOOKING STATEMENTS (CONTINUED)

Johor – Pengerang Maritime Industrial Park ("PMIP")

The management is bullish on PMIP's potential due to its close proximity to the RAPID project by Petronas and Saudi Aramco. Despite 2020 being a rather challenging year and business environment to Petronas due to the prolonged compression on oil prices, fire explosion at the refining complex in March 2020 and the weaker global demand due to the Covid-19 pandemic, Petronas is slated to restart its refinery joint-venture with state-controlled Saudi Aramco in the second half of 2021.

While pending for the RAPID refinery to be commercially operational, we have started seeing additional interests for the Group's industrial land development at PMIP. The Group firmly believes that PMIP is extremely well placed to capture the spillover demand that is expected to be generated by such a catalytic development geared towards driving the local oil and gas market.

PMIP, being only 5 km away from RAPID, offers an excellent location for the development of downstream support activities which are intended to serve or complement RAPID. Upon completion, PMIP will be the only remaining sea-fronting piece of land affording access to water draft of up to 24m available for third party investments within the PIPC.

The RAPID project, worth US$27 billion, is the largest downstream investment ever committed by Petronas in Malaysia to-date and represents a great push factor that will render significant benefits to Johor and Malaysia as a whole. Firstly, it would enhance the country's energy security and storage facilities for crude oil, natural gas and refined oil and petrochemical products. Secondly, it is also expected to enhance Malaysia's status in the downstream sector as the country becomes a net exporter of refined petroleum products. Lastly, the success of this phase one (RAPID) stands to attract much more foreign direct investments into the country for the subsequent phases of PIPC up to its 5th phase, potentially turning PIPC into a global petrochemical cluster.

PMIP has cleared the requisite DEIA approvals for land reclamation and potential topside developments such as storage warehousing, shipyards and fabrication yards for this project. Hence, the most significant licensing hurdle for potential developers has been removed from the equation, thereby significantly expediting any future topside developments at PMIP. To-date, a stock pile measuring about 45 acres has been positioned at the project site for immediate expansion as soon as the requirement arises.

With the availability of large tracts of vacant land for massive oil & gas developments and its inherent competitive advantages, the Group is confident to secure a commitment at PMIP in the near future, in tandem with the commencement of commercial operations of the RAPID refinery.

Therefore, with these two specific areas of growth identified in Johor, Benalec has clearly aligned itself strategically to be an integral part of the Malaysian government's plans for Johor to become a regional oil and gas hub via its two main flagship projects, namely the TPMIP and PMIP.

With vast tracts of land to be reclaimed at both TPMIP and PMIP, the Group's venture into Johor provides a springboard for achieving business sustainability and is expected to propel the Group to the next level of growth in the long term, enabling the Group to capitalise on the abundant opportunities stemming from downstream activities within the oil and gas sector.

Dividend policy

The Company's dividend policy is to pay out from its Profit After Taxation (PAT), subject always to:-

a. Availability and adequate of distributable reserves and cash flow;
b. Operating cash flow requirements and financing commitments; and
c. Anticipated future operating conditions, expansion and investment plans.

The Board did not recommend any dividend for the current financial year. As and when circumstances permit, the Group will consider paying out higher dividends to its shareholders on a more frequent basis.

GROUP FINANCIAL HIGHLIGHTS

Year ended		2020 [1]	2019 [2]	2018 [3]	2017 [3]	2016 [3]
Revenue	(RM'000)	**161,058**	135,916	116,315	268,220	323,083
(Loss)/Profit Before Taxation	(RM'000)	**(73,814)**	(64,110)	4,404	21,324	32,012
(Loss)/Profit After Taxation	(RM'000)	**(69,630)**	(53,256)	2,382	11,336	18,055
(Loss)/Profit Attributable to Owners of the Parent	(RM'000)	**(67,767)**	(47,486)	(176)	9,691	17,118
Paid-up Capital	(RM'000)	**371,489**	371,489	365,489	360,489	202,951
No. of Shares (units)	('000)	**861,803**[4]	861,803[4]	831,803[4]	811,803[5]	811,803[6]
Equity Attributable to Owners of the Parent	(RM'000)	**483,215**	552,116	621,042	625,068	613,398
Basic Earnings Per Share	(sen)	**(7.98)**	(5.64)	(0.02)	1.2	2.1
Diluted Earnings Per Share	(sen)	**(7.98)**	(5.64)	(0.02)	1.2	2.1
Net Assets Per Share	(sen)	**56**	64	75	77	76

Notes:

[1] *For financial year ended 31 December*

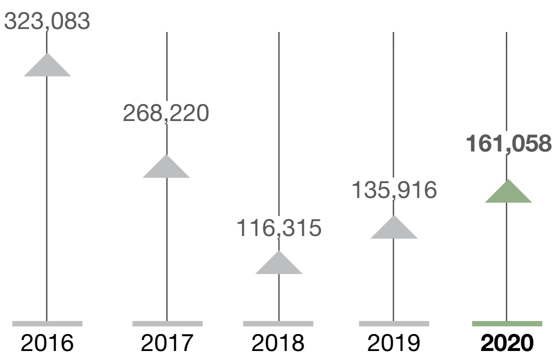
[2] *For the financial period from 1 July 2018 to 31 December 2019*

[3] *For financial year ended 30 June*

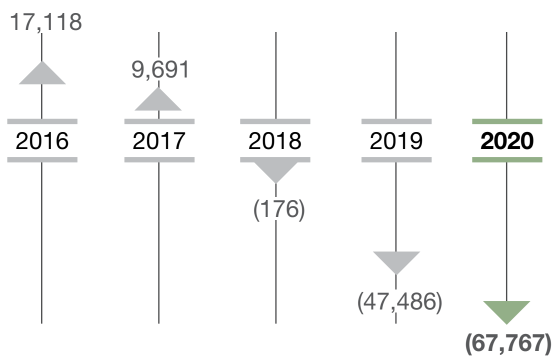
[4] *Include 12,715,400 treasury shares repurchased from the open market for a total consideration of RM12,703,204 at average price of RM1.0000 per ordinary share.*

[5] *Include 12,705,400 treasury shares repurchased from the open market for a total consideration of RM12,698,955 at average price of RM1.0000 per ordinary share.*

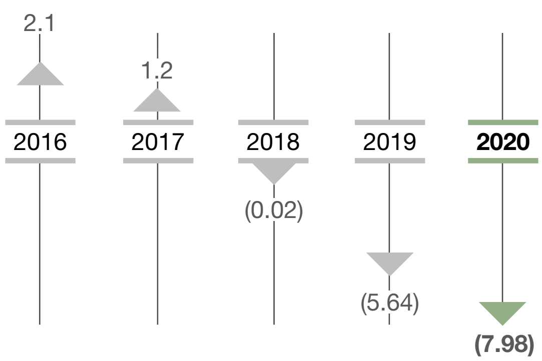
[6] *Include 12,685,400 treasury shares repurchased from the open market for a total consideration of RM12,698,959 at average price of RM1.0004 per ordinary share.*



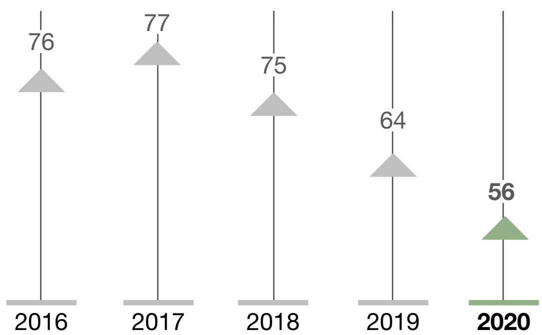
REVENUE (RM'000)



(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



BASIC EARNINGS PER SHARE (Sen)



NET ASSETS PER SHARE (Sen)

SUSTAINABILITY NARRATIVE STATEMENT

PURPOSE

Sustainability Vision: To focus on sustainable opportunities to ensure our services take into account the economic, social and environmental impacts.

The Business: We are dedicated to actively participate as one of the foremost homegrown marine construction solution providers contributing positively to the economy of Malaysia.

SCOPE

Our scope is to report on all material economic, environmental and social aspects with respect to Benalec.

Our sustainability report is aimed at communicating the Group's performance on economic, environmental and social issues, in recognizing the importance of wider engagement with stakeholders in sustainability management.

This report covers all material business areas of Benalec and contains qualitative and quantitative results for all indicators presented.

REPORTING PERIOD

The scope of this Sustainability Report refers to the period from 1 January 2020 to 31 December 2020, unless specified otherwise.

OUR APPROACH

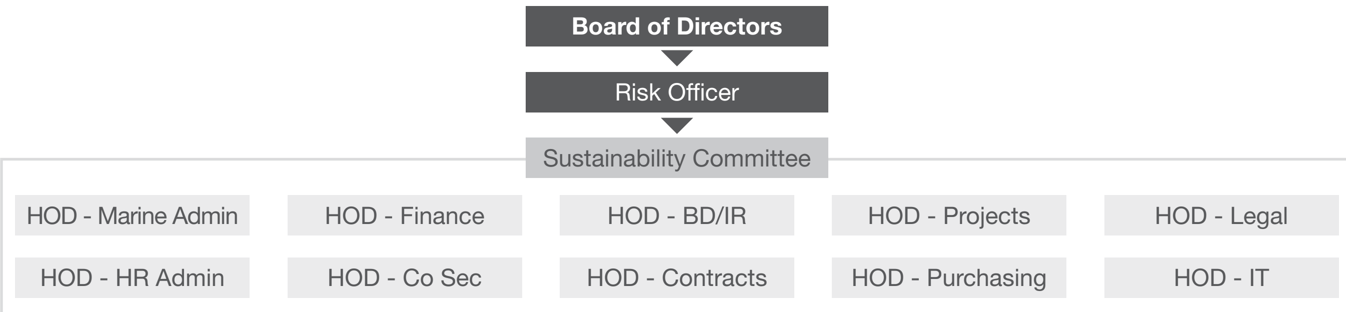
This is Benalec's Sustainability Report, covering responsibilities to stakeholders and commitments to transparency and accountability. This Sustainability Report is written in accordance with and guided by:

- Bursa Malaysia Main Market Listing Requirements, The Sustainability Reporting Guide

For this report we collected data throughout the period from 1 January 2020 to 31 December 2020.

GOVERNANCE STRUCTURE

As guided by the Group's corporate governance principles, the Board is committed to ensure economic, social and environmental issues of our stakeholders are managed with sustainability in mind. A working Sustainability Committee, comprising of key personnel from relevant departments was formed to review the sustainability performance of Benalec.



Board of Directors responsibility:

- Reviews and approves the Sustainability Report
- Aligning corporate and division priorities, tolerances and strategies
- Communicating and enforcing policies regarding sustainability

The Risk officer is responsible for:

- Reviewing and monitoring effectiveness of sustainability treatment measures
- Making the appropriate recommendation to the Board on sustainability management matters
- Aggregating and reporting sustainability achievements
- Reviewing the reports of sustainability management activities of the departments

The Sustainability Committee is responsible for:

- Materiality assessment
- Identification and monitoring of initiatives and actions
- Execution of initiatives and actions
- Reviewing the reports of sustainability management activities of the departments
- Reviewing sustainability exposures of departments and the sufficiency of action plans to achieve sustainability targets

Sustainability Narrative Statement
(continued)

MATERIALITY ASSESSMENT

Our materiality assessment was conducted with participation and contributions from key personnel from respective departments.

While the materiality assessment did not involve any external stakeholders, key personnel took into consideration both internal and external perspectives during the material matters prioritisation process.

The materiality assessment process adopted a four-step approach as outlined below:

Stakeholder Identification
- Identify the Group's key stakeholders

Determine Sustainability Issues
- Stakeholder Engagement
- Determine material sustainability concerns for each stakeholder

Categorisation and Prioritisation
- Categorise and prioritise key sustainability issues
- Action planning and reporting of key sustainability issues

Process Review
- Review materiality assessment process

OUR STAKEHOLDERS

Core to the success of our business is our ability to develop strong and meaningful relationships with all our stakeholders. We have put in place various communication channels designed to allow us to regularly engage with our stakeholders so that we can better understand their needs and interests.

A summary of our key stakeholders and how we engage them through the year is presented below:

No	Key Stakeholders	Area of Interest	How we engage	How frequently we engage	Their expectations	How we address their expectations
1	Regulatory Bodies	• Compliance • Safety and Health procedures	• Reports and compliance • Periodic meetings	• Annually • Monthly	• To ensure company procedures and policies is compliant to regulatory bodies (Department of Environment)	• Timely adherence to legislation and guidelines
2	Employees	• Equal opportunities • Good Health & Safety • Diversity & inclusivity • Career progression • Benefits and rewards	• Employee satisfaction survey • Employee mentorship programs • Internal communications • Events and functions • CSR programs	• Daily • Yearly • When required • Yearly • Yearly	• To provide fair and equal opportunities • To ensure employee development and progression	• Transparent, open and consistent approach to appraisals • Trainings and team building
3	Customers	• Quality • Competitive prices	• Meetings • Emails and phone calls • Corporate website	• When required • On case-to-case basis • When required	• To ensure commitment to quality	• Internal training and professional development to always maintain quality for our customers
4	Vendors	• Ethical and fair procurement	• Site visits • Direct contact • Email correspondences	• When required • When required • When required	• To ensure transparent dealings with vendors	• Ethical and professional approach to sourcing business from vendors

Sustainability Narrative Statement
(continued)

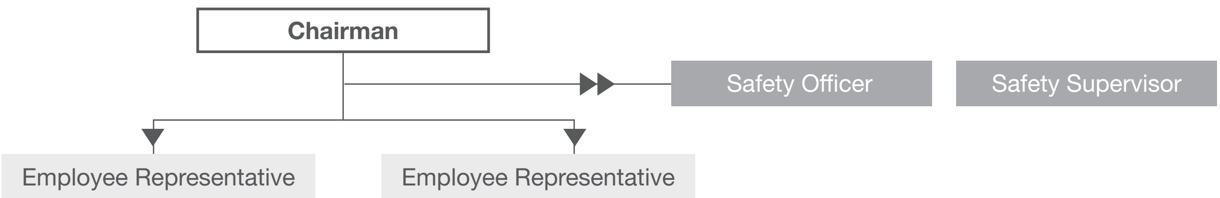
OUR STAKEHOLDERS (CONTINUED))

No	Key Stakeholders	Area of Interest	How we engage	How frequently we engage	Their expectations	How we address their expectations
5	Neighbouring Businesses and Surrounding Communities	• Social and economic development contribution • Socio-economic impacts • Pollution and cleanliness	• Volunteerism	• Annually	• To give back to the community in which we operate and improve the welfare of families in need	• Alignment of sustainability goals with our CSR objectives
6	Financial institutions, Shareholders and Investors	• Sustainability profitability matters • Company's performance and targets • Compliance with relevant requirements	• Annual General Meetings • Investor Relations Initiatives • Annual Reports • Quarterly Announcements	• Annually • When required • Annually • Quarter yearly	• To engage existing and potential shareholders	• Robust corporate governance procedures in place

HEALTH & SAFETY

Our qualified Safety Officers and Supervisors supervise project sites with formally defined policies and procedures with zero tolerance for compromise. We encourage the highest standards of health and safety, facilitated by our Environmental, Safety and Health Committee and Emergency Response Team.

Environmental, Safety and Health Committee Organization Chart



Our Safety and Health committee periodically monitor and measure health and safety standards for all site operations personnel through key performance criteria such as:

- Participation of employees in Safety programs
- Minor, moderate and major Health & Safety violations
- Near misses
- Frequency and severity of accident rates
- Safety award campaigns

To prevent the spread of COVID-19 in our community and reduce the risk of exposure, all employees in our headquarter and site offices are required to declare their daily health status, check body temperature and sanitise hands before entering to the building and provision of face masks. The management will continue to actively monitor, implement protocols and adhere to government guidelines, constantly reminded all employees to wear a mask and practice safe social distancing at work and enhance biosecurity measures at workplace.

We ensure that employees remain motivated to achieve health and safety objectives through performance-reward systems of Benalec.

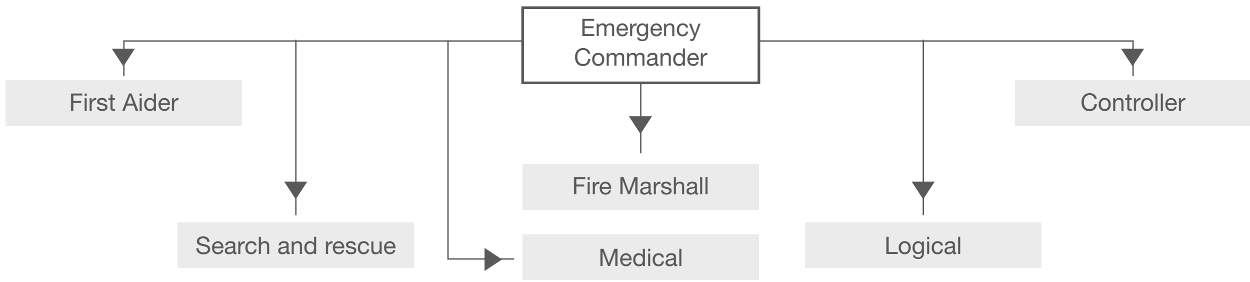
For example, one of the key performance criteria we use to measure and monitor health and safety standards is accident frequency rates. We have not had any major accident this financial year.

Our emergency response team headed by our Emergency commander ensure that health and safety of employees and all other parties at construction sites are and will continue to be of utmost priority as Benalec aspires to be exemplary.

Sustainability Narrative Statement
(continued)

HEALTH & SAFETY (CONTINUED)

Emergency Response Team Organization Chart



Benalec also ensures that heavy machinery assets utilised on-site are certified fit for use by relevant authorities and use of which restricted only to authorised personnel with the right license qualifications and experience. Benalec also ensures technical skills of its authorised Safety Personnel stay relevant through sponsoring of attendance for continuous professional development courses.

TALENT RETENTION AND DEVELOPMENT

Employees Development and Growth

Benalec recognises that professional development needs of its staff are equally as important for high employee satisfaction levels and organisational performance. We facilitate the development through ensuring that our employees are always equipped with the technical and practical knowledge to contribute positively to the organisation and surrounding communities alike.

We strongly encourage employees to attend array of training in all areas which provide opportunities to personal and career enhancement of the Group.

Our in-house mentorship programme, which involves pairing an employee with a mentor, has facilitated learning and fostered development of the employees as they are able to learn the ropes from veterans with a wealth of experience.

We are always focused on keeping employees motivated and satisfied and we recognize that by managing our employee retention, we are able to retain talented and motivated employees who truly want to be a part of Benalec and who are dedicated to contributing to Benalec's overall success.

As a result of consistent professional development, rigorous training and a healthy company culture, our annual employee turnover rates have decreased this year as compared to the previous financial year as shown below:

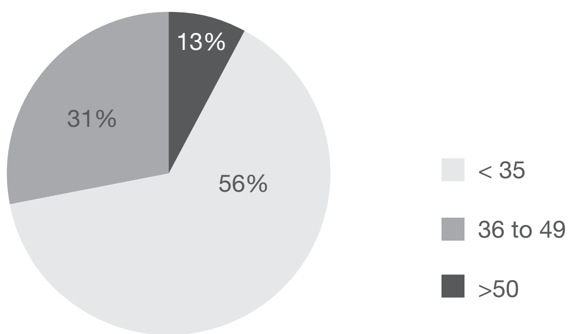
Turnover Rates (%)	FY2020	FY2019
Benalec Holdings Berhad	1.45%	1.69%

Diversity

At Benalec, we believe that a diverse workforce is imperative to achieving our goals. Diversity allows us to better respond in the most strategic and effective manner to increasing demands and expectations of our various stakeholders. The graphs below highlight the breakdown of Benalec's total local workforce of 114 employees by age and gender.

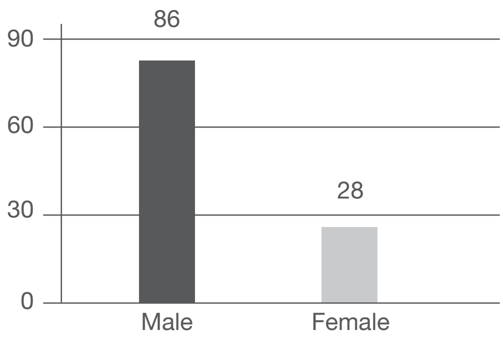
We foster and encourage females to join our Benalec family and make a difference. As at 31 December 2020, 25% of our employees are female despite being in a male dominated industry.

Employee breakdown by age - 2020



Sustainability Narrative Statement
(continued)

Employee breakdown by gender - 2020



Open Workforce Communication

At Benalec, we promote and practice open communication across all levels of employees and departments to make Benalec a better place to work. The Human Resource ensures that the employment practices are in compliance with the latest statutes and legislations.

ELECTRICITY, WATER, PAPER, FLORA AND FAUNA CONSERVATION

At water outlet areas, electrical switches and print stations, resource conservation reminders are placed to educate employees and illustrate management's views on conservation. Office staff are also reminded and encouraged to always print on both available sides of paper.

Benalec also works closely with Department of Environment ("DOE") to ensure construction activities at land reclamation project sites do not cause water pollution and siltation and affect the habitat of marine life, formal Environmental policies and work procedures are in place to ensure this environmental-opportunity is viewed and treated as significant. The silt curtain installation and monitoring of marine water quality are conducted to allow for reclamation work while protecting the surrounding marine environment.

BUILDING OUR SURROUNDING COMMUNITIES

Benalec's long term aspirations for this community are to empower people so that the community is self-sustaining.

Benalec aims to positively affect the surrounding communities and also preserve and protect the environments we operate.

During the past, Benalec had conducted blood donation campaigns, as well as coastal cleaning activities as part of our company Corporate Social Responsibility (CSR) initiative. However, all community events have been put on hold in the current FY2020 due to the Movement Control Orders (MCO) and social distancing practices as a consequence to curb the spread of Covid-19.

Nevertheless, Benalec have made three (3) donations throughout FY2020 for charitable causes to help our surrounding communities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Benalec Holdings Berhad ("Benalec" or "the Company") is committed to ensuring that high standards of corporate governance are practiced throughout Benalec and its subsidiaries (collectively referred to as "the Group"). The Board acknowledges that adopting and operating in accordance with the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") is essential for sustainable long-term performance and value creation. The Board believes that practices of good corporate governance will enhances the credibility and reputation of the Company, as it promotes and safeguards the interests of shareholders and other stakeholders.

The Board presents this overview statement to provide an insight into how the Company has applied the principles as set out in the MCCG 2017 and the extent of its compliance with the principles. Where the Company has not followed any Recommendation or has taken steps to follow such Recommendation, or has established an alternative approach, together with the reasons, where applicable, is disclosed in this statement. This statement should be read in conjunction with the Corporate Governance Report 2019 ("CG Report") of the Company which is accessible online at the Company's website www.benalec.com.my and Bursa Malaysia's website.

A. BOARD OF DIRECTORS

1. Board Composition

The Board has overall responsibility for the corporate governance, strategic direction and for overseeing the investments and operations of the Company and the Group.

Presently, the Board comprises of one (1) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors as set out below:

Name of Directors	Designation
Wong Yoke Nyen	Chairman, Independent Non-Executive Director
Dato' Leaw Seng Hai	Group Managing Director/Chief Executive Officer
Koo Hoong Kwan	Senior Independent and Non-Executive Director
Fazrin Azwar bin Md. Nor	Independent Non-Executive Director
Leaw Ai Lin	Non Independent Non-Executive Director

The present composition of the Board complies with the requirement of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should comprise Independent Directors.

The Board consists of qualified individuals with diverse skill-sets, experience and knowledge necessary to govern the Company to good effect. The composition and size of the Board are such that the decision-making processes of the Company are facilitated thereby.

The Board is of the opinion that the composition of the current Board fairly reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each Independent Director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. In the opinion of the Board, the interests of the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness and effectiveness. The profiles of the Directors are set out on pages 10 to 14 of this Annual Report.

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

2. Roles and Responsibilities of the Board

The roles and responsibilities of the Board and Management are clearly delineated in the Board Charter. The Board is mainly responsible for the Group's overall strategic plans for business performance and is accountable to shareholders in performing that role. Whilst Management is accountable for the execution of the expressed policies and attainment of the objectives of the Group. The clear separation complements and reinforces the supervisory role of the Board. Nonetheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its roles and duties.

All Board members participate fully in decisions making on key issues involving the Group. The Board assumes, inter alia, the following roles and responsibilities:-

- Ensuring that the Company's goals are clearly established and strategies are in place for achieving the Company's long-term growth;
- Provide clear objectives and policies to senior management for operations;
- Oversee the conduct and proper management of the Company's businesses, including succession planning;
- Ensure establishment of appropriate risk management framework and adequate management information and internal control system of the Company; and
- Approve transactions and activities outside the discretionary powers of senior management, subject to shareholders' approval where necessary.

The Board reserves certain powers for itself and delegates other matters to the Executive Directors, Group Managing Director/Chief Executive Officer and Senior Management. The responsibilities amongst others, are as follows:

- Overall responsibility for the day-to-day management of the business of the Company and the Group, with all the powers, discretions and delegations authorized, from time to time, by the Board;
- Ensuring the due execution of strategic goals, effective operation within the Company, and explaining, clarifying and informing the Board on matters pertaining to the Company and the Group;
- Developing and implementing strategies, business direction, plans and policies of the Company and the Group;
- Assessing business opportunities which are of potential benefit to the Group;
- Ensuring the efficiency and effectiveness of the operations of the Company and the Group; and
- Supervising heads of divisions and departments who are responsible for all functions contributing to the success of the Company and the Group.

The Board has formalised a Code of Ethics and Conduct for its directors and employees. The Board would periodically review the Code of Ethics and Conduct and it is available for reference at the Company's website at www.benalec.com.my.

3. Board Charter

The Board has adopted a Board Charter which sets out the roles, functions, compositions, operation and processes of the Board and which is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligation of discharging their duties and responsibilities to the Company. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available for reference at the Company's website at www.benalec.com.my.

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

4. Board Meetings

The Board conducts at least five (5) scheduled meetings annually, with additional matters being addressed by way of circular resolutions and additional meetings to be convened as and when necessary.

The Board met four (4) times during the financial year ended 31 December 2020. In view of the implementation of Movement Control Order by the Malaysian Government on 18 March 2020, the Board had reviewed and approved the quarterly report on consolidated results for the first quarter ended 31 March 2020, together with the Audited Financial Statements for the financial period from 1 July 2018 to 31 December 2019 at the 2/2020 Board of Directors' meeting held on 26 June 2020 instead of holding two (2) separate Board of Directors' meeting. A summary of attendance for each of the Board of Directors are as follows:

Name of Directors	No. of meetings attended
Wong Yoke Nyen	4 out of 4
Dato' Leaw Seng Hai	4 out of 4
Koo Hoong Kwan	4 out of 4
Fazrin Azwar bin Md. Nor	4 out of 4
Leaw Ai Lin	4 out of 4

5. Board Committees

The Board may from time to time establish Board Committees as it considers appropriate to assist the Board in discharging its duties and responsibilities.

The Board has formed the following Committees, each with its own functions and responsibilities. The Committees operate within their respective defined terms of reference approved by the Board and, where necessary, by way of specific authority delegated by the Board. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Evaluation Committee

(i) Audit Committee

The Audit Committee, which was established on 30 November 2010. In line with the recommendation of the MCCG 2017, the Committee which has been assisting the Board in carrying out, among others, the responsibility of overseeing the Group's risk management framework and policies. The Audit Committee was renamed as Audit and Risk Management Committee on 29 August 2018. However, in its meeting held on 28 February 2020, the Committee decided to revert to its initial name which is short, precise and practical. The Audit Committee comprises three (3) Independent Non-Executive Directors. The functions of the Audit Committee include reviewing of audit findings of the external and internal auditors together with management response thereon, deliberating on financial statements and reviewing accounting policies. The Audit Committee has full access to both internal and external auditors and is empowered to conduct investigations of any activities within its terms of reference.

The terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report on pages 48 to 50 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee was established on 30 November 2010 and comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee are as follows:

- **Koo Hoong Kwan** *(Senior Independent Non-Executive Director)* - Chairman
- **Wong Yoke Nyen** *(Independent Non-Executive Director)* - Member
- **Fazrin Azwar bin Md. Nor** *(Independent Non-Executive Director)* - Member

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

5. Board Committees (continued)

(ii) Nomination Committee (continued)

The terms of reference of the Nomination Committee, which is made available at the Company's website at www.benalec.com.my are reviewed by the Board annually and updated as appropriate. Among others, the responsibilities of the Nomination Committee include:

- Identifying, nominating and orientating new Directors;
- Reviewing the mix of skills, knowledge, expertise and experience of the Directors and other qualities, including core competencies required for the Board;
- Recommending to the Board the directors to fill the seats on the various Board committees;
- Developing and maintaining the criteria to be used in the recruitment process and the annual assessment of Directors;
- Assisting the Board in an annual review of the independence of the Independent Non-Executive Directors; and
- Assessing the effectiveness of the Board as a whole, as well as that of the Board Committees and the contribution of each individual Director.

A summary about the activities of the Nomination Committee in discharge of its duties during the financial year ended 31 December 2020 are as follows:

- Recommending the re-election of Directors retiring at the Annual General Meeting 2020;
- Assessing compliance of Board Committees with their respective Term of References;
- Recommending revisions/amendments to the Term of Reference of the Board Committees;
- Conducting the annual assessment in respect of its Board Committees and individual Directors; and
- Evaluating and make recommendations of the suitable candidates for appointment to the Boards/ Board Committees of Benalec.

The Board views that the evaluation of the suitability of the candidates as Board members based on their competency, experience, time commitment and other qualities in meeting the needs of the Group, should remain as priority among others, for consideration.

The Nomination Committee met once during the financial year ended 31 December 2020 to review the performance of all the Board members and of the Board Committees, both individually and collectively.

(iii) Remuneration Committee

The Remuneration Committee was established on 30 November 2010 and comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

- **Koo Hoong Kwan** *(Senior Independent Non-Executive Director)* - Chairman
- **Wong Yoke Nyen** *(Independent Non-Executive Director)* - Member
- **Fazrin Azwar bin Md. Nor** *(Independent Non-Executive Director)* - Member

The terms of reference of the Remuneration Committee are reviewed by the Board annually and are updated as appropriate. Among others, the responsibilities of the Remuneration Committee include the following:

- Recommending to the Board the remuneration package for Non-Executive Directors and remuneration packages for each Executive Director and Senior Management;
- Ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long term profitability and value; and
- Recommending to the Board a Remuneration Framework on the fee structure and level of remuneration for the Executive Directors and Senior Management.

The Remuneration Committee met once during the financial year under review.

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

5. Board Committees (continued)

(iv) Evaluation Committee

The Evaluation Committee was established on 23 April 2013. The members of the Evaluation Committee are as follows:-

- **Koo Hoong Kwan** *(Senior Independent Non-Executive Director)* - Chairman
- **Dato' Leaw Seng Hai** *(Group Managing Director/Chief Executive Officer)* - Member
- **Wong Yoke Nyen** *(Independent Non-Executive Director)* - Member

The Evaluation Committee is a sub-committee of the Board, formed to consider and review all tenders and/or offers received in conjunction with land sale and to also deliberate on contracts with a value exceeding RM5 million to be awarded to sub-contractor(s) ("the offers") by the Benalec Group. The Evaluation Committee shall provide objective advice and recommendations on the selected offers to the Board, thus ensuring that all the offers selected are made in the best interest of the Group, as and when required.

6. Independence

In accordance with Paragraph 1.01 and Practice Note 13 of the MMLR, the Board recognises the important contribution that Independent Directors make to ensure good corporate governance. The Independent Non-Executive Directors play a crucial role of bringing objectivity to the decisions made by the Board and to provide independent judgment, experience and objectivity without being subordinated to operational considerations to the exclusion of other relevant factors. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. They also ensure that the Board practices good governance in discharging its duties and responsibilities. The Board, as a whole, exercises overall control of the Group.

The independence of an Independent Directors is assessed annually through the Assessment of Independence of Independent Directors in conjunction with Board evaluation process. The assessment of independence is based on the criteria prescribed under the MMLR and the Corporate Governance Guide.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The independence assessment undertaken for the financial year has shown that all the Independent Directors have demonstrated their ability to act independently. The Board was satisfied with the level of independence of all Independent Directors.

7. Appointment to the Board

The MCCG 2017 recommends that the assessment of new candidates for appointment as directors is to be made by the Nomination Committee. In making these recommendations, the Nomination Committee considers the criteria such as the required mix of skills, experience and knowledge which the Directors bring to the Board. The decision in respect of the appointment of new directors is a matter for deliberation by the Board as a whole.

8. Re-appointment and Re-election of the Directors

In accordance with Clause 78 of the Company's Constitution, any Director appointed by the Board either to fill a casual vacancy or as an additional Director to the existing Board are subject to re-election at the next Annual General Meeting ("AGM") following their appointment. Clause 76(3) of the Company's Constitution also provide that at least one-third (1/3) of the remaining directors be subjected to re-election by rotation at each AGM provided always that all Directors shall retire from office at least once every three (3) years but be eligible for re-election.

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

8. Re-appointment and Re-election of the Directors (continued)

The list of Directors who are subject to re-election or re-appointment are presented to the Nomination Committee for endorsement. The names of Directors seeking for re-election or re-appointment at the forthcoming AGM are disclosed in the Notice of AGM in this Annual Report.

With the aim of enhancing the overall Board effectiveness, the Nomination Committee and the Board have always considered the length of service of a Director as a key element in their review of any renewal of a Board position. The tenure of an independent director shall not exceed a cumulative term of nine (9) years. Subject to the assessment of the Nomination Committee and the shareholders' approval, the Board may retain an independent director who has served a cumulative term of nine (9) years or more. Presently, there are two (2) independent directors of the Company whose tenures have exceeded a cumulative terms of nine (9) years since the Company was listed on 17 January 2011.

The composition and size of the Board are reviewed on an annual basis to ensure its effectiveness.

9. Board Diversity

The Board strongly views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Having a diverse range of skills, background, expertise and experience are critical elements in ensuring an effective Board.

The Board takes note of the recommendation of the MCCG 2017 pertaining to the need to establish a policy formalising the approach to boardroom diversity for gender, age and ethnicity and to set targets and measures for the adoption of the said recommendation.

The current diversity in the gender, race/ethnicity and age distribution of the existing Board is as follows:

No.of Directors	Gender		Race/Ethnicity			Age Group (years)		
	Male	Female	Malay	Chinese	Others	20-39	40-59	60 and above
	4	1	1	4	-	1	2	2

The Board takes the view that, for the time being, the status quo of the Board, in terms of composition and structure, should be maintained. However, the Board acknowledges that there is always room for improving diversity in ensuring continuous efficient functioning of the Board and open to changes as and when appropriate.

10. Directors' Training and Development

The Board as a whole will evaluate and establish or recommend the development programmes, the attendance of which may be required of each Board member so as to better equip him/her for discharging his/her duties and responsibilities. The Board members will also, from time to time, review programmes suitable for their development needs for furtherance of their duties and responsibilities as directors. In addition to attending seminars and other training programmes, the Board members are expected to constantly keep up-to-date with articles on market development, industry news, changes in regulations and related issues. The Nomination Committee would also assess the training needs of the Board from time to time.

Corporate Governance Overview Statement
(continued)

A. BOARD OF DIRECTORS (CONTINUED)

10. Directors' Training and Development (continued)

All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Securities. During the financial year, the Directors who have attended various training programmes, forum and seminars are as follows:

Name of Directors	Title of Seminar/Forum/Courses	Date of Attendance
Wong Yoke Nyen	CHK004: Digital Leadership for Sustainable Business in Industry 4.0	9 December 2020
Dato' Leaw Seng Hai	Asia Sustainability Reporting Summit 2020	9 December 2020
Fazrin Azwar bin Md. Nor	1. Corporate Board Leadership Symposium	12 February 2020
	2. Sec. 17A of the Malaysia Anti-Corruption Commission Act 2009	18 June 2020
	3. International Greentech & Eco Products Exhibition and Conference	19 to 23 October 2020
	4. Covid 19 Bill – Impact on Related Industries	24 October 2020

All the Directors will continue to attend relevant training and education programmes in order to keep themselves abreast with the latest developments in the market place covering laws, rules and regulations, capital market developments, business environment, corporate governance, risk management, general economic, industry and technical developments. The Board is also regularly updated on new and relevant statutory as well as regulatory guidelines from time to time during the Board meetings. This will enable the Board to discharge their duties effectively and ensure the sustenance of active participation in Board deliberations.

11. Supply and Dissemination of Information

Board meetings are structured with pre-determined agendas. Appropriate and complete Board papers are prepared prior to each Board meeting. These are distributed to the Board in sufficient time to enable the Directors to obtain further information and explanation, where necessary. The Board also has unfettered access to all information within the Group in furtherance of their duties. Members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the Agenda.

There are matters reserved specifically for the Board's decision, including the approval of acquisitions and disposals of assets and investments that are material to the Group.

Minutes of the Board of Directors and Board Committee meetings are circulated to Directors for their perusal prior to the confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to the confirmation of the minutes.

The Directors or the Board as a whole or in their individual capacity, in furtherance of their duties, may take independent professional advice, as and when they deem necessary, and at the Group's expense. All Directors have direct access to the Senior Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have access to the advice and services of the Company Secretary and relevant external and independent consultants for their professional advice and assistance in furtherance of their duties.

Corporate Governance Overview Statement
(continued)

B. REMUNERATION

The Group's policy on Directors' remuneration serves to attract, retain and motivate Directors, whereby the level of remuneration of the Directors is such as to be sufficient to attract and retain Directors needed to manage the Group effectively. The remuneration system is structured to link rewards to corporate and individual performance in the case of Executive Director. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular Non-Executive Director concerned.

The authority, functions and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee will review the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. The Executive Directors play no part in decisions pertaining to their own remuneration.

The determination of remuneration packages of Non-Executive Directors is a matter of the Board as a whole. The level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors concerned do not partake in decisions affecting their remuneration.

The Remuneration Committee met during the financial year to discuss and recommend the remuneration structure and packages for the financial year ended 31 December 2020 of the Directors for review by the Board.

The aggregate remuneration of Directors for the financial year 31 December 2020 is as follows:

Directors' Remuneration

Category	**Company**			**Group**		
	Executive Directors	**Non-Executive Directors**	**Total**	**Executive Directors**	**Non-Executive Directors**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Directors' Fees	-	413,400	413,400	-	413,400	413,400
Directors' Salaries	-	-	-	3,994,065[2]	-	3,994,065
Other Emoluments[1]	143,427	24,000	167,427	883,188[2]	24,000	907,188
Benefits in kind	-	-	-	101,450[2]	-	101,450
TOTAL	**143,427**	**437,400**	**580,827**	**4,978,703**	**437,400**	**5,416,103**

Notes:

(1) *Other Emoluments included allowances, social security costs and insurance coverage.*

(2) *Including the remunerations of a Director that was redesignated from an Excutive Director to Non-Executive Director during the year.*

The number of Directors whose total remuneration falls within the following bands are as follows:

Range of Remuneration	**Company**			**Group**		
	Executive Directors	**Non-Executive Directors**	**Total**	**Executive Directors**	**Non-Executive Directors**	**Total**
RM50,001 to RM150,000	1	1	2	-	1	1
RM150,001 to RM200,000	-	2	2	-	2	2
RM300,001 to RM350,000	-	-	-	-	1	1
RM4,000,001 to RM5,000,000	-	-	-	1	-	1
TOTAL	**1**	**3**	**4**	**1**	**4**	**5**

The Board is of the view that the transparency and accountability aspects of the MCCG 2017 as applicable to Directors' remuneration are appropriately served by the "band disclosure" in accordance with the MMLR.

Corporate Governance Overview Statement
(continued)

C. STAKEHOLDERS COMMUNICATION

1. Investor Relations Function

The Board values and encourages dialogue with the shareholders in order to promote better understanding of the Company's objectives and performance parameters.

The AGM and Extraordinary General Meetings provide appropriate forums for the shareholders to participate in questions and answers sessions. Directors and Senior Management staff are present at the AGM to attend to shareholders' questions. The Company is committed to disseminate information in strict adherence to the disclosure standards of the MMLR. The Company ensures that material information relating to the Group is disclosed by way of announcement to the Bursa Securities, in annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

The Company has established its website www.benalec.com.my which allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

2. Dialogue between the Company and Stakeholders

The Group recognises the importance of stakeholders communication and has an established a dedicated Investor Relations Department to manage the interests of shareholders and other stakeholders of the Company This is an important channel for minority shareholders and relevant stakeholders to air their concerns to the Company and Management. Communication and feedback from investors can also be directed to ir@benalec.com.my.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly results, the Board aims to present a balanced and comprehensible assessment of the Group's position and prospects.

The Audit Committee assists the Board in examining information to be disclosed to ensure the completeness, accuracy and authenticity of such information.

2. Directors' Responsibility Statement

The Directors are required by the Act to direct Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

The Statement of Directors' Responsibility in preparing financial statements of the Company and Group is as outlined on page 51 of this Annual Report.

Corporate Governance Overview Statement
(continued)

D. ACCOUNTABILITY AND AUDIT (CONTINUED)

3. Risk Management and Internal Control

The Board has the overall responsibility of monitoring a sound internal control system that covers effective and efficient operations, compliance with the Law, relevant Regulations and risk management. This is to safeguard shareholders' investments and the Group's assets apart from assuring financial controls.

Detailed information on internal control is set out in the Statement on Risk Management & Internal Control on pages 45 to 47 of this Annual Report.

Risk management is given priority by the establishment of policies to identify, evaluate and manage the Company's corporate risk profile to mitigate possible adverse effects arising therefrom.

4. Relationship with the External Auditors

The Board has established a formal and transparent relationship with the external auditors of the Company. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report of this Annual Report.

COMPLIANCE STATEMENT

Pursuant to paragraph 15.25 and 15.08A of the MMLR of Bursa Securities, the Board is pleased to report that this Statement provides the corporate governance practices of the Company with reference to the MCCG 2017. This Statement sets out the manner in which the Company has applied the principles as prescribed in the MCCG 2017.

This Statement was approved by the Board on 7 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

1 Utilisation of Proceeds from Redeemable Convertible Secured Bond Issuance

On 29 April 2015, the Company announced the completion of the RM 200 million nominal value of 7-year Redeemable Convertible Secured Bond ("RCSB") issuance.

The proceeds arising from the issuance have been fully utilised as reported in the audited financial statements for the financial period from 1 July 2018 to 31 December 2019.

As of 29 July 2020, the Company has fully redeemed the total outstanding of the RCSB.

2 Audit and Non-Audit Fees Paid

During the financial year ended 31 December 2020, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

	Group RM	Company RM
Audit Fees	514,636	107,000
Non-Audit Fees	67,750	18,500

3 Material Contracts

There was no material contracts entered into by the Company involving the interests of the Directors and substantial shareholders during the financial year ended 31 December 2020, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

4 Recurrent Related Party Transactions

The recurrent related party transactions or trading nature conducted by the Group during the financial year ended 31 December 2020 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities.

The following statement outlines the nature and scope of the risk management and internal control within Benalec Holdings Berhad and its subsidiaries ("the Group") during the financial year under review.

BOARD'S RESPONSIBILITY

The Board is fully committed to maintaining a sound system of risk management and internal control system to safeguard the shareholders' interest and the Group's assets. The Board is responsible for the Group's system of internal control including the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control does not only cover financial controls but also organisational, operational and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board through its Audit Committee reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following activities have taken place as part of establishing the risk management and internal control during the year under review:

1. The Board of Directors has reviewed the adequacy and effectiveness of the risk management and internal control system;

2. The Board of Directors has commented on the adequacy and effectiveness of the risk management and internal control system; and

3. Assurance was obtained from Group Managing Director/Chief Executive Officer and Chief Financial Officer/Finance Controller that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has established an appropriate control environment and risk management framework, ensuring through a review process on the adequacy and integrity thereof.

1. Control Environment and Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

Accordingly, the Board has put in place a formal enterprise risk management framework that allows a more structured and focused approach to identify, evaluate, monitor and report the principal risks that affect the achievement of the Group's business objectives and enables the adoption of a risk-based internal control system. The following activities have taken place as part of establishing this formal framework:

- Risk profile had been developed for the Company;
- Risk Management Policy had been developed which incorporates amongst others a structured process for identifying, evaluating and prioritising risks as well as clearly defining the risk responsibilities and escalation process; and
- Risk Manager has been appointed with key roles and responsibilities to champion risk awareness and training efforts of the Group which include the identification of risk, reviewing action plans and ensuring that the action plans are acted upon and addressed.

Statement on Risk Management and Internal Control
(continued)

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

1. Control Environment and Risk Management Framework (continued)

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Ethics and Conduct ("the Code") has been established and communicated to all directors and employees of the Group.

The whistle-blowing reporting process forming part of the Code allows employees to raise concerns without fear of reprisals on suspected breach or violation of the Code. The employee should immediately report any malpractice that exists in the work place to his/her immediate superior or Head of Department. However, if the employee feels reluctant to do so, the employee has an option to report it to the Board of Directors. The Code reinforces the Group's core value on integrity by providing general guidance on moral and ethical behaviour that is expected from all employees. This includes general prohibition on involvement of its personnel in any act of commercial corruption either direct or indirect.

The Group's Code of Ethics and Conduct is published in the Company's website at www.benalec.com.my.

2. Group Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to Management team of the Group. In addition, details of directorships within the Group are regularly updated and highlighted to ensure that related parties are duly identified on a timely basis, as necessary.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through various Board Committees.

3. Internal Audit Function

In addition, the Group has engaged an independent professional firm which carries out the internal audit function in the Group by providing independent advice and assurance on the effectiveness of the Group's system of internal controls. The findings of the internal auditors are regularly reported to the Audit Committee. In particular, the internal auditors appraise and contribute towards improving the Group's internal control system and reports to the Audit Committee on a quarterly basis. The Audit Committee meets with the Board to discuss significant issues found during the internal audit process and makes necessary recommendations to the Board. The internal auditors also review the internal controls on the key activities and processes of the Group's businesses and present an annual internal audit plan to the Audit Committee for prior approval before carrying out the review. The internal audit function adopts a risk-based approach and prepares its internal audit plan based on the risk profiles of the Company.

The Audit Committee reviews the results of the risk monitoring and compliance procedure, and ensures that an appropriate mix of effective techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from the Management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis, or earlier, as appropriate.

4. Control Framework

(a) Financial Information and Information System

Management constantly monitors financial performances, business plan achievement and the progress of corrective actions/implementation for highlighted issues and is committed to rectifying the highlighted issues. In addition, communication channels such as email and teleconferencing are used to encourage effective and "free-flow" or open communication within the organisation. As computers are used for transmitting information and storing data, the Management shall maintain a proper IT security controls, which include user and password access rights and backup of data.

Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board of Directors.

(b) Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

(c) Standardisation of Policies and Procedures

Standardised policies and procedures are implemented to address the financial and operational controls of the Group.

Statement on Risk Management and Internal Control
(continued)

CONCLUSION

The Board is pleased to conclude that the state of Group's risk management and internal control system are generally adequate and effective. There were no material losses incurred during the current financial year as a result of weakness risk management and internal control system. The Management will continue to ensure proper management of risks and take adequate measures to ensure ongoing adequacy and effectiveness of internal controls.

The Board has received the assurance from the Group Managing Director/Chief Executive Officer and Chief Financial Officer/ Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal system of the Group.

The above Statement is made in accordance with the approval given by the Directors during the Board Meeting held on 7 April 2021.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

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

AUDIT COMMITTEE REPORT

During the financial year, the Audit Committee ("AC" or the "Committee") carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Board of Directors ("Board") of Benalec Holdings Berhad is pleased to present the AC Report for the financial year ended 31 December 2020.

MEMBERSHIP AND MEETING ATTENDANCES

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors as follows:

- **Koo Hoong Kwan*** *(Chairman, Senior Independent Non-Executive Director)*
- **Wong Yoke Nyen** *(Member, Independent Non-Executive Director)*
- **Fazrin Azwar bin Md. Nor** *(Member, Independent Non-Executive Director)*

Note * Member of Malaysian Institute of Accountants ("MIA")

The Audit Committee was established on 30 November 2010 and has been renamed as Audit and Risk Management Committee with effect from 29 August 2018. However, in its meeting held on 28 February 2020, the Committee decided to revert to its initial name which is short, precise and practical. The present AC consists entirely of Independent Non-Executive Directors. The Company has complied with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require all the AC members to be Non-Executive Directors, with a majority of them being Independent Directors. In addition, one of the members of the AC is a member of the Malaysian Institute of Accountants ("MIA").

In the event of any vacancy of the AC resulting in the non-compliance with Paragraph 15.19 of the MMLR, the Board shall appoint a new member within three (3) months.

The AC held six (6) meetings during the financial year ended 31 December 2020 and the attendance of each members of the Committee are as follows:

Name	No. of meetings attended
Koo Hoong Kwan	6/6
Wong Yoke Nyen	6/6
Fazrin Azwar bin Md. Nor	6/6

TERMS OF REFERENCE

The Terms of Reference of the AC which lays down the duties and responsibilities of its members is accessible via the Company's website at www.benalec.com.my. The Board is satisfied that the AC had discharged their duties and responsibilities in accordance with its Terms of Reference in ensuring that the Company upholds the appropriate Corporate Governance standards.

Audit Committee Report
(continued)

SUMMARY OF ACTIVITIES AND WORK OF THE COMMITTEE

During the financial year ended 31 December 2020, the Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the Terms of Reference.

A summary of the activities and work of the AC in discharging its duties includes the following:-

(i) Financial Reporting

a. Reviewed the unaudited quarterly financial results of the Group including draft announcements pertaining thereto before recommending the same for the Board's approval and release to Bursa Securities and Securities Commission of Malaysia.

b. Reviewed the audited financial statements of the Group and the external audit report with the External Auditors prior to the submission to the Board for approval.

c. Reviewed the impacts of any changes to the accounting policies and adoption of new accounting standards as well as significant matters highlighted in the financial statements.

(ii) External Audit

a. Reviewed the Audit Plan of the Group for the financial year ended 31 December 2020 prepared by the External Auditors setting out their responsibilities, scope of work and key audit areas in connection with their audit of the Group.

b. Reviewed with the External Auditors the results of the audit, the report and the management letter, including management's response.

c. Evaluated the performance and assessed the independence and objectivity of the External Auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.

d. Held private sessions with the External Auditors without the presence of Executive Directors and Management.

(iii) Internal Audit

a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.

b. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with Management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.

c. Reported to the Board on significant audit issues and concerns discussed during the Committee's meetings which have significant impact on the Group from time to time, for consideration and deliberation by the Board.

(iv) Related Party Transactions

a. Reviewed on a quarterly basis the related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group.

(v) Other Matters

a. Reviewed the AC Report and Statement of Risk Management and Internal Control prior to the submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

b. Reviewed the Risk Management Report on the risk profile of the Group and the adequacy of internal control systems to manage these risks.

c. Reviewed the Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority.

Audit Committee Report
(continued)

INTERNAL AUDIT FUNCTION

The Group engaged the internal audit services from a professional internal audit service provider to ensure that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced internal auditors is responsible for the review and appraisal of the effectiveness of risk management, internal control and governance processes in the Group and reports directly to the AC

The AC has full and direct access to the Internal Auditors, review the reports on all audits performed and monitors its performance. The AC also reviews the adequacy of the scopes, functions, competency and resources of the outsourced internal audit functions.

The outsourced internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the AC.

A summary of the Internal Audit activities undertaken during the financial year is as follows:-

(i) Performed operational audits on business units of the Group in accordance with the pre-approved audit plan which covers review of internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

    During the financial year ended 31 December 2020, the internal auditors carried out its audit on the following functions:-

    a) Internal Audit Report on Workers' Payroll;
    b) Internal Audit Report on Purchasing (Malacca Project);
    c) Follow-up Review on Worker's Payroll (Malacca Project); and
    d) Follow-up Audit Report on Purchasing and Worker's Payroll.

    Based on these audits, the outsourced internal auditors provided the AC with reports highlighting observations, recommendations and management action plans to improve the system of internal controls.

(ii) Conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of action taken by the Management on audit recommendations and provided updates on their status to the Committee; and

(iii) Presented internal audit reports to the AC for review and provide recommendations, if any, for improvement of the internal control policies and procedures.

The fee incurred for internal audit function in respect of the financial year amounted to RM101,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps to ensure that the financial statements of the Company and the Group are properly drawn up in accordance with the provisions of the Companies Act 2016, applicable approved Malaysian Financial Reporting Standards ("MFRS") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of financial year and of the results and the cash flow of the Company and of the Group for the financial year.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- exercise judgment and made estimates that are reasonable and prudent;
- ensured adoption of applicable accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group maintains accounting records that disclose with reasonable accuracy at all times the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act 2016 and MFRS.

The Directors have general responsibilities for taking such steps to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

FINANCIAL STATEMENT

FINANCIAL PERFORMANCE

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(69,630,191)	(14,086,023)
Attributable to:		
Owners of the parent	(67,766,936)	(14,086,023)
Non-controlling interests	(1,863,255)	-
	(69,630,191)	(14,086,023)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial period. The Directors do not recommend any payment of dividend in respect of the current financial year ended.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme as disclosed below.

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme should be in force for a period of five (5) years until 16 January 2016 ("the option period"). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme, which expired on 16 January 2016 for another five (5) years until 15 January 2021. The main features of the Share Issuance Scheme are as follows:

(a) Eligible Directors and executives ("Eligible Executives") are those who are confirmed employees of the Group and have served full time for at least a period of six (6) months of continuous services before the date of offer;

(b) The total number of ordinary shares offered under the Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;

(c) The option price under the Share Issuance Scheme shall be the five (5) days weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time of the option is granted with a discount of not more than 10% if deemed appropriate;

Directors' Report
(continued)

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme should be in force for a period of five (5) years until 16 January 2016 ("the option period"). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme, which expired on 16 January 2016 for another five (5) years until 15 January 2021. The main features of the Share Issuance Scheme are as follows (continued):

(d) The aggregate number of ordinary shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the allowable allotment set out in the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;

(e) The options granted to Eligible Executives will lapse when they are no longer in employment with the Group;

(f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

(g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

Details of the options over the ordinary shares of the Company are as follows:

		Number of options over ordinary shares					
Date of offer	**Exercise price**	**Outstanding as at 1 January 2020**	**Granted**	**Exercised**	**Forfeited**	**Outstanding as at 31 December 2020**	**Exercisable as at 31 December 2020**
16 April 2012	RM1.06	3,113,500	-	-	(116,000)	2,997,500	2,997,500
3 January 2014	RM0.78	400,000	-	-	-	400,000	400,000
28 January 2014	RM0.79	5,681,000	-	-	(517,000)	5,164,000	5,164,000
18 July 2017	RM0.38	12,170,000	-	-	(1,930,000)	10,240,000	10,240,000
		21,364,500	-	-	(2,563,000)	18,801,500	18,801,500

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 28 September 2020, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and

(c) the Directors of the Company may decide to:

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

    (ii) cancel the shares so purchased; and/or

    (iii) retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 861,802,500 (2019: 861,802,500) issued and fully paid ordinary shares as at 31 December 2020, 12,715,400 (2019: 12,715,400) ordinary shares purchased for RM12,703,204 (2019: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 849,087,100 (2019: 849,087,100) as disclosed in Note 17(a) to the financial statements.

Directors' Report
(continued)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Benalec Holdings Berhad

Dato' Leaw Seng Hai
Koo Hoong Kwan
Wong Yoke Nyen
Leaw Ai Lin
Fazrin Azwar bin Md. Nor

Dato' Leaw Seng Hai and Leaw Ai Lin are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Benalec Holdings Berhad

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above are as follows:

Dato' Daing A Malek Bin Daing Rahaman
Hariharan A/L N R Govindapillai
Ragunatha Naicker A/L Elumalai
(Alternate Director of Tijl Pieter De Zwart)
Rosly Bin Ahmad
Salehudin Bin Omar
Tan Guan Chong (appointed on 14 September 2020)
Tijl Pieter De Zwart
Tunku Ismail Idris Ibni Tunku Ibrahim
Yan Su Wen
Yan Binghua
Yvonne Tan (Chen Xianglian)
Yap Lee Chor (resigned on 14 September 2020)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Shares in the Company				
Direct interests				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Koo Hoong Kwan	270,000	-	-	270,000
Indirect interest				
Dato' Leaw Seng Hai	334,780,400	-	-	334,780,400[1]

(1) *Deemed interest by virtue of his direct interests in Oceancove Sdn. Bhd. ("Oceancove") and indirect interests in Oceancove via Oceanview Cove Sdn. Bhd. ("Oceanview") pursuant to Section 8(4) of the Companies Act 2016 in Malaysia ("the Act").*

Directors' Report
(continued)

DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

	Number of options over ordinary shares			
	Balance as at 1.1.2020	Granted	Forfeited	Balance as at 31.12.2020
Options in the Company				
Direct interests				
Dato' Leaw Seng Hai	4,800,000	-	-	4,800,000
Koo Hoong Kwan	400,000	-	-	400,000
Wong Yoke Nyen	400,000	-	-	400,000

	Number of ordinary shares			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Shares in the immediate holding company, Oceancove				
Direct interest				
Dato' Leaw Seng Hai	482	-	-	482
Indirect interest				
Dato' Leaw Seng Hai	5,100	-	-	5,100[(2)]

[(2)] *Deemed interest by virtue of his interest in Oceanview.*

	Number of ordinary shares			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Shares in the ultimate holding company, Oceanview				
Direct interest				
Dato' Leaw Seng Hai	7,843	-	-	7,843

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Dato' Leaw Seng Hai is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 other than the following:

(a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and

(b) certain Directors who received remuneration from subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 34 to the financial statements.

Directors' Report
(continued)

DIRECTORS' BENEFITS (continued)

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options granted pursuant to the Share Issuance Scheme as disclosed in Note 21 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 32 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

(iii) 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.

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the year of twelve (12) 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 as and when they fall due.

Directors' Report
(continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 37 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove Sdn. Bhd. as the immediate holding company and Oceanview Cove Sdn. Bhd. as the ultimate holding company, both of which are companies incorporated in Malaysia.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 29 to the financial statements.

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

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
7 April 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 123 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
7 April 2021

STATUTORY DECLARATION

I, Chin Wei Ee (CA 34935), being the officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 123 are, to the best of my knowledge and belief, 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 at)
Kuala Lumpur this)
7 April 2021)

Chin Wei Ee

Before me:

W. 663
Baloo A/L T.Pichai

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BENALEC HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Benalec Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

1. Impairment assessment of barges and dredgers

As at 31 December 2020, the carrying amounts of barges and dredgers of the Group were RM45,573,949 as disclosed in Note 5 to the financial statements. Management assessed and estimated the recoverable amounts of the barges and dredgers by referring to the market values provided by an independent external valuer.

The impairment review was significant to our audit as the assessment process and the determination of their recoverable amounts involved significant management judgement.

Audit response

Our audit procedures included the following:

(i) Assessed the competence, capabilities and objectivity of independent external valuer vis-à-vis the expert's qualifications, membership of a professional body or industry association, and license to practice;

(ii) Enquired with management to obtain an understanding of the conditions of the barges and dredgers and performed physical sighting of barges and dredgers;

(iii) Interviewed the independent external valuer and evaluated the appropriateness of valuation method used to estimate the market values of the barges and dredgers; and

(iv) Challenged the significant assumptions and critical judgemental areas, including assessment on present physical condition and estimated replacement cost of those barges and dredgers.

Independent Auditors' Report
To the members of Benalec Holdings Berhad (Incorporated in Malaysia) (continued)

Key audit matters (continued)

2. Recognition of revenue from settlement in kind contract works and infrastructure works

We refer to Note 25 to the financial statements on the recognition of revenue in accordance with MFRS 15 *Revenue from Contracts with customers.*

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgemental in the context of contract. Transaction prices were determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

Audit response

Our audit procedures included the following:

(i) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;

(ii) Recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting year;

(iii) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

(iv) Inspected documentation to support cost estimates made including contract variations and cost contingencies;

(v) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and

(vi) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

We have determined that there are no other key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report
To the members of Benalec Holdings Berhad
(Incorporated in Malaysia)
(continued)

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 MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditors' Report
To the members of Benalec Holdings Berhad
(Incorporated in Malaysia)
(continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koh Yang Wei
03423/03/2023 J
Chartered Accountant

Kuala Lumpur
7 April 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	88,996,611	103,420,473	-	-
Right-of-use assets	6	8,484,497	-	-	-
Investments in subsidiaries	7	-	-	348,369,559	348,369,559
Other investments	8	49,743	50,199	-	-
Deferred tax assets	9	27,664,359	24,449,633	-	-
		125,195,210	127,920,305	348,369,559	348,369,559
Current assets					
Inventories	10	553,453,266	627,562,032	-	-
Trade and other receivables	12	48,410,484	25,896,313	91,742,334	96,701,737
Contract assets	13	45,765,435	51,033,545	-	-
Current tax assets		4,460,350	4,247,171	70,832	-
Short term funds	14	152,178	148,611	-	-
Cash and bank balances	15	25,125,055	29,923,791	5,421	5,555,721
		677,366,768	738,811,463	91,818,587	102,257,458
TOTAL ASSETS		802,561,978	866,731,768	440,188,146	450,627,017
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	371,488,527	371,488,527	371,488,527	371,488,527
Reserves	17	111,726,473	180,627,088	11,064,762	25,150,785
		483,215,000	552,115,615	382,553,289	396,639,312
Non-controlling interests	7(f)	1,257,838	3,120,574	-	-
TOTAL EQUITY		484,472,838	555,236,189	382,553,289	396,639,312
LIABILITIES					
Non-current liabilities					
Borrowings	19	65,858,918	13,327,508	54,700,000	-
Lease liabilities	6	6,567,747	-	-	-
Contract liabilities	13	84,092,051	72,114,914	-	-
Deferred tax liabilities	9	-	754,258	-	404,488
Other payables	22	63,199,458	59,921,906	-	-
		219,718,174	146,118,586	54,700,000	404,488
Current liabilities					
Trade and other payables	22	68,375,545	83,192,621	2,934,857	1,554,855
Redeemable convertible secured bonds (“RCSB”)	18	-	51,656,577	-	51,656,577
Borrowings	19	27,656,484	30,052,264	-	-
Lease liabilities	6	2,296,525	-	-	-
Contract liabilities	13	42,408	42,408	-	-
Current tax liabilities		4	433,123	-	371,785
		98,370,966	165,376,993	2,934,857	53,583,217
TOTAL LIABILITIES		318,089,140	311,495,579	57,634,857	53,987,705
TOTAL EQUITY AND LIABILITIES		802,561,978	866,731,768	440,188,146	450,627,017

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 1.1.2020 to 31.12.2020 RM	Group 1.7.2018 to 31.12.2019 RM	Company 1.1.2020 to 31.12.2020 RM	Company 1.7.2018 to 31.12.2019 RM
Revenue	25	161,057,711	135,916,404	-	-
Cost of sales	26	(172,568,236)	(105,514,248)	-	-
Gross (loss)/profit		(11,510,525)	30,402,156	-	-
Other income	27	6,568,041	48,711,302	15,839,815	27,743,240
Administrative and other expenses		(41,098,446)	(109,773,976)	(6,257,561)	(4,232,414)
Finance costs	28	(27,773,133)	(33,449,589)	(24,366,755)	(28,344,066)
Loss before taxation	29	(73,814,063)	(64,110,107)	(14,784,501)	(4,833,240)
Taxation	30	4,183,872	10,854,486	698,478	3,651,711
Loss for the financial year/period		(69,630,191)	(53,255,621)	(14,086,023)	(1,181,529)
Other comprehensive (loss)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(1,114,370)	1,483,159	-	-
Total comprehensive loss		(70,744,561)	(51,772,462)	(14,086,023)	(1,181,529)
Loss attributable to:					
Owners of the parent		(67,766,936)	(47,486,432)	(14,086,023)	(1,181,529)
Non-controlling interests	7(f)	(1,863,255)	(5,769,189)	-	-
		(69,630,191)	(53,255,621)	(14,086,023)	(1,181,529)
Total comprehensive loss attributable to:					
Owners of the parent		(68,881,825)	(46,198,048)	(14,086,023)	(1,181,529)
Non-controlling interests	7(f)	(1,862,736)	(5,574,414)	-	-
		(70,744,561)	(51,772,462)	(14,086,023)	(1,181,529)

Loss per ordinary share attributable to owners of the parent:

	Note	Group 1.1.2020 to 31.12.2020 sen	Group 1.7.2018 to 31.12.2019 sen
Basic	31(a)	(7.98)	(5.64)
Diluted	31(b)	(7.98)	(5.64)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Share capital RM	Treasury shares RM	Exchange translation reserve RM	Reverse acquisition debit RM	Share options reserve RM	Equity component of RCSB RM	Retained earnings RM	Total attributable to owners of parent RM	Non-controlling interests RM	Total equity RM
		← Non-distributable					→	Distributable			
Balance as at 1 July 2018		365,488,527	(12,703,204)	34,635,461	(146,069,559)	3,077,332	25,225,506	322,104,073	591,758,136	13,758,526	605,516,662
Loss for the financial period		-	-	-	-	-	-	(47,486,432)	(47,486,432)	(5,769,189)	(53,255,621)
Foreign currency translations, net of tax		-	-	1,288,384	-	-	-	-	1,288,384	194,775	1,483,159
Total comprehensive loss		-	-	1,288,384	-	-	-	(47,486,432)	(46,198,048)	(5,574,414)	(51,772,462)
Transactions with owners											
Issuance of ordinary shares pursuant to private placement	16	6,000,000	-	-	-	-	-	-	6,000,000	-	6,000,000
Renounced of dividend by a non-controlling interest	27	-	-	-	-	-	-	-	-	(5,063,538)	(5,063,538)
Options vested under the Share Issuance Scheme	33	-	-	-	-	555,527	-	-	555,527	-	555,527
Options forfeited under the Share Issuance Scheme	21	-	-	-	-	(611,834)	-	611,834	-	-	-
Total transactions with owners		6,000,000	-	-	-	(56,307)	-	611,834	6,555,527	(5,063,538)	1,491,989
Balance as at 31 December 2019		371,488,527	(12,703,204)	35,923,845	(146,069,559)	3,021,025	25,225,506	275,229,475	552,115,615	3,120,574	555,236,189
Balance as at 1 January 2020 (as previously reported)		371,488,527	(12,703,204)	35,923,845	(146,069,559)	3,021,025	25,225,506	275,229,475	552,115,615	3,120,574	555,236,189
Effects of adoption of MFRS:											
MFRS 16	38.1	-	-	-	-	-	-	(18,790)	(18,790)	-	(18,790)
Balance as at 1 January 2020 (restated)		371,488,527	(12,703,204)	35,923,845	(146,069,559)	3,021,025	25,225,506	275,210,685	552,096,825	3,120,574	555,217,399
Loss for the financial year		-	-	-	-	-	-	(67,766,936)	(67,766,936)	(1,863,255)	(69,630,191)
Foreign currency translations, net of tax		-	-	(1,114,889)	-	-	-	-	(1,114,889)	519	(1,114,370)
Total comprehensive loss		-	-	(1,114,889)	-	-	-	(67,766,936)	(68,881,825)	(1,862,736)	(70,744,561)
Transactions with owners											
Redemption of RCSB		-	-	-	-	-	(25,225,506)	25,225,506	-	-	-
Options forfeited under the Share Issuance Scheme	21	-	-	-	-	(354,122)	-	354,122	-	-	-
Total transactions with owners		-	-	-	-	(354,122)	(25,225,506)	25,579,628	-	-	-
Balance as at 31 December 2020		371,488,527	(12,703,204)	34,808,956	(146,069,559)	2,666,903	-	233,023,377	483,215,000	1,257,838	484,472,838

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Note	← Non-distributable Share capital RM	Treasury shares RM	Share options reserve RM	Equity component of RCSB RM →	Distributable Retained earnings RM	Total equity RM
Balance as at 1 July 2018		365,488,527	(12,703,204)	3,077,332	25,225,506	10,177,153	391,265,314
Loss for the financial period		-	-	-	-	(1,181,529)	(1,181,529)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(1,181,529)	(1,181,529)
Transactions with owners							
Issuance of ordinary shares pursuant to private placement	16	6,000,000	-	-	-	-	6,000,000
Options vested under the Share Issuance Scheme	33	-	-	555,527	-	-	555,527
Options forfeited under the Share Issuance Scheme	21	-	-	(611,834)	-	611,834	-
Total transactions with owners		6,000,000	-	(56,307)	-	611,834	6,555,527
Balance at 31 December 2019		371,488,527	(12,703,204)	3,021,025	25,225,506	9,607,458	396,639,312
Balance as at 1 January 2020		371,488,527	(12,703,204)	3,021,025	25,225,506	9,607,458	396,639,312
Loss for the financial year		-	-	-	-	(14,086,023)	(14,086,023)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(14,086,023)	(14,086,023)
Transactions with owners							
Redemption of RCSB		-	-	-	(25,225,506)	25,225,506	-
Options forfeited under the Share Issuance Scheme	21	-	-	(354,122)	-	354,122	-
Total transactions with owners		-	-	(354,122)	(25,225,506)	25,579,628	-
Balance at 31 December 2020		371,488,527	(12,703,204)	2,666,903	-	21,101,063	382,553,289

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 1.1.2020 to 31.12.2020 RM	Group 1.7.2018 to 31.12.2019 RM	Company 1.1.2020 to 31.12.2020 RM	Company 1.7.2018 to 31.12.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(73,814,063)	(64,110,107)	(14,784,501)	(4,833,240)
Adjustments for:					
Accretion expenses/(income) of non-current amounts owing to related parties	27,29	319,345	(5,227,156)	-	-
Depreciation of property, plant and equipment	5	8,114,407	18,468,629	-	-
Depreciation of right-of-use assets	6	2,829,035	-	-	-
Dividend income	27	(5,648)	(12,250)	-	-
Gain on disposal of:					
- non-current asset held for sale	27	-	(14,405,754)	-	-
- property, plant and equipment	27,29	(1,745,227)	(2,186,345)	-	-
- investment in a subsidiary	27	(243,892)	-	(2)	-
Fair value adjustment on other investments	8	456	(4,254)	-	-
Impairment losses on:					
- contract assets	13(b)	6,125,318	25,609,992	-	-
- amount owing from a subsidiary		-	-	170,868	-
- investment in a subsidiary	7	-	-	-	452,186
- land reclamation work in progress	11(b)	2,592,726	2,541,106	-	-
- property, plant and equipment	5	972,803	16,621,013	-	-
- trade and other receivables		-	599,606	-	-
Interest expense	28	27,773,133	33,449,589	24,366,755	28,344,066
Interest income	27	(808,750)	(7,179,735)	(15,839,813)	(25,639,441)
Options vested/granted under Share Issuance Scheme	33	-	555,527	-	-
Write off of:					
- amounts owing by related parties	29	-	105	-	-
- amounts owing by subsidiaries	29	-	-	-	1,659,135
- property, plant and equipment	29	631,614	1,129,419	-	-
- trade and other receivables	29	-	2,937,072	-	-
Renouncement of dividend by a non-controlling interest	27	-	(5,063,538)	-	-
Reversal of impairment loss on:					
- trade and other receivables		(1,509)	(442,206)	-	-
- amounts owing by subsidiaries	12(k)	-	-	-	(2,103,799)
Unrealised (gain)/loss on foreign exchange	27,29	(1,438,244)	4,450,290	-	-
Waiver of amounts owing to trade payables	27	-	(406,797)	-	-
Operating (loss)/profit before changes in working capital		(28,698,496)	7,324,206	(6,086,693)	(2,121,093)
Changes in working capital:					
Contract assets		(841,302)	(967,329)	-	-
Contract liabilities		11,977,137	(13,058,334)	-	-
Inventories		71,965,201	50,323,987	-	-
Land reclamation work in progress		(69,135)	(24,859,550)	-	-
Trade and other receivables		(21,226,343)	29,288,416	(2,601)	5,791
Trade and other payables		(2,205,718)	(68,115,833)	2,032,618	146,061
Cash generated from/(used in) operations		30,901,344	(20,064,437)	(4,056,676)	(1,969,241)
Tax refunded		36,983	4,050,021	-	199,966
Tax paid		(468,393)	(3,400,725)	(148,627)	(539,363)
Net cash from/(used in) operating activities		30,469,934	(19,415,141)	(4,205,303)	(2,308,638)

Statements of Cash Flows
For the financial year ended 31 December 2020 (continued)

	Note	Group 1.1.2020 to 31.12.2020 RM	Group 1.7.2018 to 31.12.2019 RM	Company 1.1.2020 to 31.12.2020 RM	Company 1.7.2018 to 31.12.2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		5,648	12,250	-	-
Interest received		808,750	7,179,735	191,401	5,135,343
Placements of fixed deposits pledged with licensed financial institutions		(616,347)	(482,431)	-	-
Placements of short term funds		(3,567)	(7,253)	-	-
Proceeds from disposal of:					
- non-current asset held for sale		-	25,685,119	-	-
- property, plant and equipment		5,897	5,690,274	-	-
- investment in a subsidiary		(11,045)	-	2	-
Purchase of property, plant and equipment*	5(e)	(142,200)	(1,594,826)	-	-
Advances from a subsidiary		-	-	23,174,548	8,295,208
Repayments to a related party		(4,196,961)	(18,144,967)	-	-
Withdrawals of deposits and bank balances charged in favour of the Security Trustee pursuant to RCSB		5,548,069	125,350,189	5,548,069	125,350,189
Net cash from investing activities		1,398,244	143,688,090	28,914,020	138,780,740
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		75,759,452	30,025,801	54,700,000	-
Interest paid		(7,465,207)	(13,992,998)	(8,410,948)	(13,487,671)
Redemption of RCSB	18	(71,000,000)	(129,000,000)	(71,000,000)	(129,000,000)
Payment of lease liabilities	6	(3,637,112)	-	-	-
Proceeds from issuance of ordinary shares pursuant to private placement	16	-	6,000,000	-	6,000,000
Repayments of borrowings		(22,857,315)	(32,780,874)	-	-
Net cash used in financing activities		(29,200,182)	(139,748,071)	(24,710,948)	(136,487,671)
Net increase/(decrease) in cash and cash equivalents		2,667,996	(15,475,122)	(2,231)	(15,569)
Effects of exchange rate changes on cash and cash equivalents		(4,442)	(5,824)	-	-
Cash and cash equivalents at beginning of financial year/period		(13,914,772)	1,566,174	7,652	23,221
Cash and cash equivalents at end of financial year/period	15	(11,251,218)	(13,914,772)	5,421	7,652

* *Purchase of property, plant and equipment are excluding addition of right-of-use assets.*

Statements of Cash Flows
For the financial year ended 31 December 2020 (continued)

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 6) RM	Hire purchase liabilities (Note 19) RM	Revolving credit (Note 19) RM	Term loans (Note 19) RM	Trust receipts (Note 19) RM	Invoice financing (Note 19) RM
Group						
At 1 January 2020, as previously reported	-	3,685,690	10,000,000	14,240,221	832,171	127,431
Effects of adoption of MFRS 16	13,876,024	(3,685,690)	-	-	-	-
At 1 January 2020, as restated	13,876,024	-	10,000,000	14,240,221	832,171	127,431
Cash flows	(3,637,112)	-	-	50,023,895	124,057	2,754,185
Non-cash flows:						
Accrued lease payments	(2,056,500)	-	-	-	-	-
Additions	28,267	-	-	-	-	-
Interest expenses	657,695	-	-	3,449,751	-	-
Interest expense capitalised	1,594	-	-	-	-	-
Translation adjustment	(5,696)	-	-	-	-	-
At 31 December 2020	8,864,272	-	10,000,000	67,713,867	956,228	2,881,616
At 1 July 2018	-	7,684,870	10,000,000	11,482,255	1,054,378	-
Cash flows	-	(4,745,180)	-	2,084,883	(222,207)	127,431
Non-cash flows:						
Purchase of property, plant and equipment (Note 5(e))	-	746,000	-	673,083	-	-
At 31 December 2019	-	3,685,690	10,000,000	14,240,221	832,171	127,431

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 23, Jalan Perintis U1/52, Temasya Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate holding company and ultimate holding company of the Company are Oceancove Sdn. Bhd. and Oceanview Cove Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

In the previous financial period, the Group and the Company have changed their financial year end from 30 June to 31 December. Accordingly, the financial statements of the Group and of the Company for the financial period ended 31 December 2019 cover an 18 month period.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 April 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial period except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 38 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 January 2020. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The Group has carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient available funds to meet their obligations as and when they fall due. Therefore, notwithstanding that the Group was in an overall cash and cash equivalents deficit position, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve months from the date of the end of the financial year to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business. Further details on the Group's liquidity and cash flow risk assessment is set out in Note 35(b)(ii) to the financial statements.

Notes to the Financial Statements
(continued)

4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in marine construction and civil engineering, disposal of land held for sale, vessel chartering, shipbuilding (including ship repair, maintenance, fabrication and refurbishment), ship trading and investment holding. The marine construction and civil engineering activities and disposal of land held for sale of the Group are mainly undertaken by Benalec Sdn. Bhd., a wholly-owned subsidiary of the Company.

The Group arrived at four (4) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Marine construction

(i) Land reclamation services

Providing marine construction services, which include the following:
i. land reclamation, dredging and beach nourishment;
ii. rock revetment works, shore protection works and breakwater construction;
iii. pre-bore and marine piling;
iv. construction of marine structures, bridges, jetties, ports and other offshore and ancillary services; and
v. sales of marine construction materials.

(ii) Disposal of land held for sale

Disposal of reclaimed land received as compensation for in-kind settlement contracts, which are available for immediate sale in its present condition.

(b) Vessel chartering and marine transportation

Chartering of vessels on time and voyage charters.

(c) Shipbuilding

Shipbuilding and providing ship repair, maintenance, fabrication and refurbishment services.

(d) Other operating segment comprises investment holding and properties held for sale.

The Group evaluates performance on the basis of profit or loss from operations before tax, excluding non-recurring losses and the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied consistently throughout the current financial year and previous financial period.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

Notes to the Financial Statements (continued)

4. OPERATING SEGMENTS (continued)

(a) Operating segments

2020	◄— Marine construction —► Land reclamation services RM	Disposal of land held for sale RM	Vessel chartering and marine transportation RM	Shipbuilding RM	Others RM	Total RM
Revenue						
Total revenue	46,594,320	58,175,372	74,523,992	-	-	179,293,684
Inter-segment revenue	(18,235,973)	-	-	-	-	(18,235,973)
Revenue from external customers	**28,358,347**	**58,175,372**	**74,523,992**	**-**	**-**	**161,057,711**
Interest income	617,333	-	13	3	191,401	808,750
Finance costs	(27,771,447)	-	(1,686)	-	-	(27,773,133)
Net finance (expense)/income	(27,154,114)	-	(1,673)	3	191,401	(26,964,383)
Segment loss before taxation	**(43,893,386)**	**(15,350,469)**	**(8,758,900)**	**(42,503)**	**(5,768,805)**	**(73,814,063)**
Taxation	1,585,064	3,924,393	(2,067,231)	(1,410)	743,056	4,183,872
Other information						
Depreciation of property, plant and equipment	(5,004,116)	-	(3,107,118)	(3,173)	-	(8,114,407)
Depreciation of right-of-use assets	(2,818,129)	-	(10,906)	-	-	(2,829,035)
Accretion expenses of non-current amounts owing to related parties	458,493	-	(777,838)	-	-	(319,345)
Fair value adjustment on other investments	(456)	-	-	-	-	(456)
Impairment losses on:						
- contract asset	(6,125,318)	-	-	-	-	(6,125,318)
- land reclamation work in progress	(2,592,726)	-	-	-	-	(2,592,726)
- property, plant and equipment	(459,787)	-	(513,016)	-	-	(972,803)
Written off on:						
- property, plant and equipment	(408,329)	-	(223,285)	-	-	(631,614)
Reversal of impairment losses on trade and other receivables	-	-	-	-	1,509	1,509
Gain on disposal of a subsidiary	243,892	-	-	-	-	243,892
Gain on disposal of property, plant and equipment	1,745,227	-	-	-	-	1,745,227
Additions to non-current assets	170,467	-	-	-	-	170,467
Segment assets	**592,922,396**	**116,699,994**	**36,319,755**	**-**	**24,445,380**	**770,387,526**
Segment liabilities	**176,122,068**	**42,408**	**55,209,237**	**-**	**86,715,423**	**318,089,136**

Notes to the Financial Statements
(continued)

4. OPERATING SEGMENTS (continued)

(a) Operating segments (continued)

2019	← Marine construction: Land reclamation services RM	Marine construction: Disposal of land held for sale RM →	Vessel chartering and marine transportation RM	Shipbuilding RM	Others RM	Total RM
Revenue						
Total revenue	52,824,277	87,789,068	10,118,079	-	11,438,500	162,169,924
Inter-segment revenue	(22,132,060)	-	(552,960)	-	(3,568,500)	(26,253,520)
Revenue from external customers	**30,692,217**	**87,789,068**	**9,565,119**	**-**	**7,870,000**	**135,916,404**
Interest income	2,039,111	-	8	5,273	5,135,343	7,179,735
Finance costs	(33,444,020)	-	-	(5,569)	-	(33,449,589)
Net finance (expense)/income	(31,404,909)	-	8	(296)	5,135,343	(26,269,854)
Segment (loss)/profit before tax	**(60,037,391)**	**31,321,583**	**(32,489,635)**	**20,862,556**	**(2,953,575)**	**(43,296,462)**
Taxation	12,879,731	(4,383,180)	24,132	(1,272,953)	3,606,756	10,854,486
Other information						
Depreciation of property, plant and equipment	(11,311,350)	-	(7,139,591)	(17,688)	-	(18,468,629)
Loss on disposal of property, plant and equipment	(541,167)	-	(1,917,982)	(10,897)	-	(2,470,046)
Accretion of non-current amounts owing to related parties	1,584,273	-	3,642,883	-	-	5,227,156
Fair value adjustment on other investments	4,254	-	-	-	-	4,254
Impairment losses on:						
- contract asset	(25,609,992)	-	-	-	-	(25,609,992)
- land reclamation work in progress	(2,541,106)	-	-	-	-	(2,541,106)
- property, plant and equipment	(2,096,153)	-	(14,524,860)	-	-	(16,621,013)
- other receivables	(560,000)	-	-	-	(39,606)	(599,606)
Waiver of debts by trade payables	406,797	-	-	-	-	406,797
Written off on:						
- amounts owing by related parties	(105)	-	-	-	-	(105)
- property, plant and equipment	(680)	-	(1,117,698)	(11,041)	-	(1,129,419)
- trade and other receivables	(627,915)	-	(2,281,633)	(27,524)	-	(2,937,072)
Reversal of impairment losses on trade and other receivables	442,206	-	-	-	-	442,206
Gain on disposal of non-current asset held for sale	-	-	-	14,405,754	-	14,405,754
Gain on disposal of property, plant and equipment	4,083,713	-	572,678	-	-	4,656,391
Additions to non-current assets	3,013,909	-	-	-	-	3,013,909
Segment assets	**581,511,061**	**188,716,803**	**41,906,869**	**(1,939,543)**	**27,789,575**	**837,984,765**
Segment liabilities	**179,888,440**	**42,408**	**54,619,549**	**443,186**	**75,314,615**	**310,308,198**

Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2020 RM	2019 RM
Loss for the financial year/period		
Total loss for reportable segments	(108,906,216)	(43,296,462)
Elimination of inter-segment profits/(loss)	35,092,153	(20,813,645)
Loss before taxation	(73,814,063)	(64,110,107)
Taxation	4,183,872	10,854,486
Loss for the financial year/period of the Group per statements of profit or loss and other comprehensive income	(69,630,191)	(53,255,621)

Notes to the Financial Statements
(continued)

4. OPERATING SEGMENTS (continued)

(a) Operating segments (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows (continued):

	2020 RM	2019 RM
Assets		
Total assets for reportable segments	770,387,526	837,984,765
Unallocated assets:		
- Other investments	49,743	50,199
- Current tax assets	4,460,350	4,247,171
- Deferred tax assets	27,664,359	24,449,633
Assets of the Group	802,561,978	866,731,768
Liabilities		
Total liabilities for reportable segments	318,089,136	310,308,198
Unallocated liabilities:		
- Current tax liabilities	4	433,123
- Deferred tax liabilities	-	754,258
Liabilities of the Group	318,089,140	311,495,579

(b) Geographical segments

The operations of the Group are carried out primarily in Malaysia (which includes the Federal Territory of Labuan). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

(i) Revenue from external customers

	Group	
	2020 RM	2019 RM
Malaysia	161,057,711	135,916,404

(ii) Non-current assets

	Group	
	2020 RM	2019 RM
Malaysia	78,522,406	82,632,556
Singapore	18,958,702	20,787,917
	97,481,108	103,420,473

(c) Major customers

The following are major customers with revenue equal to or more than ten percent (10%) of Group revenue:

	Revenue	
	2020 % of total	2019 % of total
Customer A	46%	6%
Customer B	9%	16%
Customer C	-	14%
Customer D	-	34%
	55%	70%

Notes to the Financial Statements
(continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction-in-progress RM	Total RM
2020									
Cost									
At 1 January 2020	13,607,055	15,144,980	42,304,488	210,601,123	5,282,521	1,314,453	13,337,983	502,767	302,095,370
Effects of adoption of MFRS 16 (Note 38.1)	-	(3,357,723)	(10,047,228)	-	(183,379)	(435,276)	(2,350,281)	-	(16,373,887)
Additions	-	27,000	-	-	109,050	6,150	-	-	142,200
Disposals	-	-	(3,695,217)	-	(6,100)	-	(1,940,575)	-	(5,641,892)
Disposal of a subsidiary	-	-	(63,471)	-	-	-	-	-	(63,471)
Write-offs	-	-	(890,066)	(16,743,505)	(2,867)	-	-	-	(17,636,438)
Transfers	-	-	-	393,578	-	-	-	(393,578)	-
Reclassified from right-of-use assets	-	3,357,723	10,047,228	-	183,379	435,276	860,575	-	14,884,181
Translation adjustments	-	-	(38,290)	(1,562,770)	(5,985)	(45)	-	(7,445)	(1,614,535)
At 31 December 2020	13,607,055	15,171,980	37,617,444	192,688,426	5,376,619	1,320,558	9,907,702	101,744	275,791,528
Accumulated depreciation									
At 1 January 2020	-	1,053,072	22,473,170	85,815,836	3,423,058	594,060	10,639,937	-	123,999,133
Effects of adoption of MFRS 16 (Note 38.1)	-	(122,724)	(2,679,261)	-	(33,489)	(79,800)	(900,267)	-	(3,815,541)
Charge for the financial year	-	236,466	3,042,573	3,964,403	325,511	94,596	450,858	-	8,114,407
Disposals	-	-	(1,054,068)	-	(203)	-	(1,596,343)	-	(2,650,614)
Disposal of a subsidiary	-	-	(56,066)	-	-	-	-	-	(56,066)
Write-offs	-	-	(482,119)	(6,791,350)	(2,485)	-	-	-	(7,275,954)
Reclassified from right-of-use assets	-	189,878	2,958,022	-	51,827	123,329	516,346	-	3,839,402
Translation adjustments	-	-	(40,677)	(566,358)	(6,251)	(41)	-	-	(613,327)
At 31 December 2020	-	1,356,692	24,161,574	82,422,531	3,757,968	732,144	9,110,531	-	121,541,440
Accumulated impairment losses									
At 1 January 2020	-	-	-	74,574,020	-	-	-	101,744	74,675,764
Charge for the financial year	-	-	459,787	513,016	-	-	-	-	972,803
Write-offs	-	-	-	(9,728,870)	-	-	-	-	(9,728,870)
Translation adjustments	-	-	-	(666,220)	-	-	-	-	(666,220)
At 31 December 2020	-	-	459,787	64,691,946	-	-	-	101,744	65,253,477

Notes to the Financial Statements
(continued)

5. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction-in-progress RM	Total RM
2019									
Cost									
At 1 July 2018	15,356,915	14,193,694	48,528,029	251,656,501	6,538,010	1,852,871	13,192,718	3,200,222	354,518,960
Additions	-	155,296	-	-	217,222	64,000	1,855,508	721,883	3,013,909
Disposals	(1,749,860)	(2,649,637)	(5,735,304)	(37,406,332)	(51,754)	(82,500)	(813,533)	-	(48,488,920)
Write-offs	-	-	(516,199)	(7,240,704)	(1,427,952)	(522,184)	(896,710)	-	(10,603,749)
Transfers	-	3,424,776	-	-	-	-	-	(3,424,776)	-
Translation adjustments	-	20,851	27,962	3,591,658	6,995	2,266	-	5,438	3,655,170
At 31 December 2019	13,607,055	15,144,980	42,304,488	210,601,123	5,282,521	1,314,453	13,337,983	502,767	302,095,370
Accumulated depreciation									
At 1 July 2018	-	1,395,877	18,725,136	87,206,873	4,172,294	845,976	9,781,383	-	122,127,539
Charge for the financial period	-	494,096	6,039,602	8,804,386	528,148	205,851	2,396,546	-	18,468,629
Disposals	-	(839,978)	(1,862,931)	(8,941,412)	(5,606)	(71,603)	(641,333)	-	(12,362,863)
Write-offs	-	-	(446,704)	(2,317,342)	(1,275,559)	(387,585)	(896,659)	-	(5,323,849)
Translation adjustments	-	3,077	18,067	1,063,331	3,781	1,421	-	-	1,089,677
At 31 December 2019	-	1,053,072	22,473,170	85,815,836	3,423,058	594,060	10,639,937	-	123,999,133
Accumulated impairment losses									
At 1 July 2018	-	-	63,832	62,943,957	255,188	23,815	-	101,744	63,388,536
Charge for the financial period	-	-	-	16,621,013	-	-	-	-	16,621,013
Disposals	-	-	-	(1,938,451)	-	-	-	-	(1,938,451)
Write-offs	-	-	(63,832)	(3,807,646)	(255,188)	(23,815)	-	-	(4,150,481)
Translation adjustments	-	-	-	755,147	-	-	-	-	755,147
At 31 December 2019	-	-	-	74,574,020	-	-	-	101,744	74,675,764

Notes to the Financial Statements
(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
	2020 RM	**2019 RM**
Carrying amount		
Freehold land	13,607,055	13,607,055
Buildings	13,815,288	14,091,908
Plant and machinery	12,996,083	19,831,318
Barges and dredgers	45,573,949	50,211,267
Tools and office equipment	1,618,651	1,859,463
Furniture and fittings	588,414	720,393
Motor vehicles	797,171	2,698,046
Construction-in-progress	-	401,023
	88,996,611	103,420,473

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual rates used are as follows:

Buildings	2%
Plant and machinery	10%
Barges and dredgers	4% - 10%
Tools and office equipment	10%
Furniture and fittings	10%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated.

Property, plant and equipment under construction represent building under construction. Property, plant and equipment under construction are not depreciated until such time when the assets are available for use.

The useful lives are based on the historical experience of the Group with similar assets and taking into account the anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

(c) The carrying amount of the property, plant and equipment of the Group held under hire purchase arrangements at the end of the previous reporting period are as follows:

	Group 2019 RM
Motor vehicles	1,450,014
Plant and machinery	7,367,967
Buildings	3,235,000
Furniture and fittings	355,475
Tools and office equipment	149,890
	12,558,346

Notes to the Financial Statements
(continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The carrying amount of property, plant and equipment of the Group pledged to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 19(d) to the financial statements are as follows:

	Group	
	2020 RM	2019 RM
Freehold land	13,607,055	13,607,055
Buildings	8,825,848	9,019,844
	22,432,903	22,626,899

(e) During the financial year/period, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020 RM	2019 RM
Additions of property, plant and equipment	142,200	3,013,909
Additions via hire purchase arrangements	-	(746,000)
Addition via term loan	-	(673,083)
Cash outflow for acquisition of property, plant and equipment	142,200	1,594,826

(f) Impairment of property, plant and equipment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, the management considered the performance of the cash generating unit ("CGU").

The Directors have made an estimate on the asset's recoverable amount. An asset recoverable amount is the higher of an assets' fair value less costs to sell and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or group assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

During the financial year, the Group recognised impairment losses of RM459,787 (2019: RM Nil) and RM513,016 (2019: RM16,621,013) on certain plant and machinery and barges and dredgers respectively.

The Group has performed impairment assessment on those barges and dredgers which have an indication of impairment. The recoverable amounts of those barges and dredgers are derived from their fair value less cost to sell estimated by an independent valuer. The fair value measurement was categorised as Level 3 fair value.

The valuation was made based on the comparison method with reference to the depreciated replacement cost method that made reference to available market data by comparing to recent transactions involving other similar barges and dredgers and estimating the current new replacement costs of the barges and dredgers and therefrom less the accrued depreciation for age and obsolescence. The intensity of use, present physical condition and estimated replacement cost of those barges and dredgers were the significant key assumptions used by independent valuer and management.

Notes to the Financial Statements
(continued)

6. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	Land RM	Buildings RM	Motor vehicles RM	Others RM	Total RM
Balance as at 1 January 2020	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 38.1)	9,144,060	557,942	1,450,014	11,197,291	22,349,307
Addition	-	-	-	28,267	28,267
Recognised in profit or loss	(1,926,303)	(114,189)	(355,314)	(433,229)	(2,829,035)
Capitalised under contract assets	-	(13,755)	-	-	(13,755)
Depreciation	(1,926,303)	(127,944)	(355,314)	(433,229)	(2,842,790)
Reclassified to property, plant and equipment	-	-	(344,229)	(10,700,550)	(11,044,779)
Translation adjustments	-	(5,509)	-	1	(5,508)
Balance as at 31 December 2020	7,217,757	424,489	750,471	91,780	8,484,497

Lease liabilities

Carrying amount	Land RM	Buildings RM	Motor vehicles RM	Others RM	Total RM
Balance as at 1 January 2020	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 38.1)	9,523,916	572,798	841,320	2,937,990	13,876,024
Addition	-	-	-	28,267	28,267
Lease payments	(245,099)	(148,396)	(282,282)	(2,961,335)	(3,637,112)
Reclassified to other payable	(2,056,500)	-	-	-	(2,056,500)
Recognised in profit or loss	515,608	28,298	21,027	92,762	657,695
Capitalised under contract assets	-	1,594	-	-	1,594
Interest expense	515,608	29,892	21,027	92,762	659,289
Translation adjustments	-	(5,696)	-	-	(5,696)
Balance as at 31 December 2020	7,737,925	448,598	580,065	97,684	8,864,272

Represented by:	2020 RM
Current liabilities	2,296,525
Non-current liabilities	6,567,747
	8,864,272
Lease liabilities owing to financial institutions	580,065
Lease liabilities owing to non-financial institutions	8,284,207
	8,864,272

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	1 - 6 years
Buildings	4 - 6 years
Motor vehicles	3 - 5 years
Others	3 - 10 years

(b) Included in the right-of-use assets of the Group, certain motor vehicles are assets acquired under hire purchase arrangements with a carrying amount of RM750,471.

6. **LEASES (continued)**

The Group as lessee (continued)

(c) The Group has certain leases of buildings and tools and office equipment with lease term of 12 months or less. The Group applies the "short-term lease" exemptions for these leases.

(d) The following are the amounts recognised in profit or loss:

	Group 2020 RM
Depreciation charge of right-of-use assets (included in cost of sales)	15,636
Depreciation charge of right-of-use assets (included in administrative and other expenses)	2,813,399
Interest expense on lease liabilities (included in cost of sales)	1,499
Interest expense on lease liabilities (included in finance costs)	656,196
Expense relating to short-term leases (included in administrative and other expenses)	22,469
	3,509,199

(e) The Group signed several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(f) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group 31 December 2020	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Lease liabilities	5.84%	2,752,417	7,102,168	-	9,854,585

(g) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

7. **INVESTMENTS IN SUBSIDIARIES**

	Company 2020 RM	2019 RM
Unquoted shares, at cost	153,821,745	157,499,998
Less: Accumulated impairment losses	(452,186)	(4,130,439)
Equity loans to a subsidiary	195,000,000	195,000,000
	348,369,559	348,369,559

Notes to the Financial Statements
(continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

Movement in accumulated impairment losses:

	Company 2020 RM	Company 2019 RM
Balance as at 1 January 2020/1 July 2018	4,130,439	3,678,253
Disposal of a subsidiary (Note 7(d)(i))	(3,678,253)	-
Impairment losses recognised in profit or loss	-	452,186
Balance as at 31 December 2020/2019	452,186	4,130,439

(a) Investments in subsidiaries are stated at cost less impairment losses. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs. Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.

(b) Equity loans to a subsidiary are unsecured, interest-free and settlement are neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiary with a long term source of additional capital.

Impairment for equity loans are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 12(j) to the financial statements.

No expected credit loss is recognised arising from equity loans as it is negligible.

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2020 %	Effective interest in equity 2019 %	Principal activities
Direct subsidiaries				
Benalec Sdn. Bhd. ("BSB")	Malaysia	100	100	Marine construction and civil engineering
Benalec Shipyard Sdn. Bhd. ("BSSB") [(3)]	Malaysia	-	100	Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading
Oceanliner Pte Ltd. ("Oceanliner") [(1)]	Singapore	100	100	Charter of vessels
Subsidiaries of BSB				
OG Marine Sdn. Bhd. ("OGMSB")	Malaysia	100	100	Charter of vessels
Pacific Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd	Labuan	100	100	Charter/leasing of vessels
Pacific Marine Ltd [(3)]	Labuan	-	100	Charter/leasing of vessels
Ocean Pacific Ltd	Labuan	51	51	Charter/leasing of vessels
Atlantic Ocean Ltd	Labuan	51	51	Charter/leasing of vessels
Oceanline (Labuan) Ltd	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Benalec Land Sdn. Bhd.	Malaysia	100	100	Property investment holding
Benalec Maritime Sdn. Bhd. ("BMSB")	Malaysia	100	100	Marine construction and civil engineering
Benalec Diversity Sdn. Bhd. [(1)]	Malaysia	100	100	Marine construction and civil engineering

Notes to the Financial Statements
(continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2020 %	Effective interest in equity 2019 %	Principal activities
Subsidiaries of BSB (continued)				
Benalec Venture Sdn. Bhd. [(1)]	Malaysia	100	100	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. [(1)]	Malaysia	100	100	Marine construction and civil engineering
Pengerang Maritime Industries Sdn. Bhd. ("PMISB")	Malaysia	100	100	Marine engineering services
Tanjung Piai Maritime Industries Sdn. Bhd. ("TPMISB")	Malaysia	100	100	Marine engineering services
Heritage Land Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
Heritage Property Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
Sentosacove Development Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
Jewel East Sdn. Bhd. ("JESB") [(1)]	Malaysia	100	100	Property investment holding
Goldnet Synergy Sdn. Bhd. ("GSSB") [(1)]	Malaysia	100	100	Investment holding company
Pacific Link Ltd [(3)]	Labuan	-	100	Trading and investment holding
Pacific Shipping Ltd [(3)]	Labuan	-	100	Trading and investment holding
Gabungan Khas Sdn. Bhd. [(1)(2)]	Malaysia	49	49	Acting as agent for clearance of vessels with port authorities
Jayamas Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Klebang Property Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Benalec CeTeau Asia Sdn. Bhd. [(1)]	Malaysia	51	51	To carry on the business of installing geo-technical prefabricated vertical drains.
Oceanview Realty Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Orientalcove Property Sdn. Bhd. [(1)(3)]	Malaysia	-	100	Dormant
Heritage Land Development Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Strategic Cove Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Strategic Land Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. [(1)]	Malaysia	100	100	Dormant
Atlantic Pacific Ltd [(3)]	Labuan	-	100	Dormant
Subsidiaries of JESB				
Iconic Island Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
One World Island Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
Cheng Ho City Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding
Zheng Island Sdn. Bhd. [(1)]	Malaysia	100	100	Property investment holding

Notes to the Financial Statements
(continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2020 %	2019 %	Principal activities
Subsidiary of PMISB				
Spektrum Budi Sdn. Bhd.	Malaysia	70	70	Marine construction
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd.	Malaysia	70	70	Marine construction and civil engineering

(1) *Subsidiaries not audited by BDO PLT or BDO member firms.*

(2) *The Group considers that it controls Gabungan Khas Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is because the Group has two (2) board representatives over a total of three (3) board members and therefore has control over the board and power to govern the relevant activities of Gabungan Khas Sdn. Bhd. via a shareholders agreement. In addition, the Executive Chairman, who is from the Group has the second or casting vote at all shareholders meeting. The remaining fifty-one percent (51%) of the equity shares in Gabungan Khas Sdn. Bhd. are held by an individual shareholder that is not related to the Group.*

(3) Details of cessation of interests in subsidiaries during the financial year are disclosed in Note 7(d) to the financial statements.

(d) During the financial year:

(i) Disposal of Benalec Shipyard Sdn. Bhd. ("BSSB")

On 1 July 2020, the Company, had disposed off BSSB for a nominal cash consideration of RM2. BSSB has ceased to be a wholly-owned subsidiary of the Group and of the Company with effect from 1 July 2020. The financial results of BSSB are insignificant to the Group and the Company.

(ii) Strike-off of Pacific Marine Ltd. ("PML")

PML, a wholly owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 17 December 2020.

(iii) Strike-off of Pacific Link Ltd. ("PLL")

PLL, a wholly owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 24 September 2020.

(iv) Strike-off of Pacific Shipping Ltd. ("PSL")

PSL, a wholly owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 24 September 2020.

(v) Strike-off of Orientalcove Property Sdn. Bhd. ("OPSB")

OPSB, a wholly owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 16 October 2020.

(vi) Strike-off of Atlantic Pacific Ltd. ("APL")

APL, a wholly owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 11 May 2020.

The financial results of the subsidiaries being deregistered are insignificant to the Group.

(e) In the previous financial period, costs of investment in a subsidiary amounted to RM452,186 had been fully impaired and recognised due to its recoverable amounts being lower than its carrying amount.

Notes to the Financial Statements
(continued)

7. **INVESTMENTS IN SUBSIDIARIES (continued)**

(f) Subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

2020	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Ocean Pacific Ltd	Benalec CeTeau Asia Sdn. Bhd.	Others	Total
NCI percentage of ownership interest and voting interest	30%	30%	49%	49%		
Carrying amount of NCI (RM)	(245,000)	182,088	(4,237)	1,333,989	(9,002)	1,257,838
Loss allocated to NCI (RM)	(797,257)	(955,770)	(3,916)	(87,843)	(18,469)	(1,863,255)
Total comprehensive loss allocated to NCI (RM)	(797,257)	(955,770)	(3,762)	(87,843)	(18,104)	(1,862,736)
2019						
NCI percentage of ownership interest and voting interest	30%	30%	49%	49%		
Carrying amount of NCI (RM)	552,257	1,137,858	(475)	1,421,832	9,102	3,120,574
Loss allocated to NCI (RM)	(880,779)	(203,706)	(3,951,086)	(589,418)	(144,200)	(5,769,189)
Total comprehensive loss allocated to NCI (RM)	(880,779)	(203,706)	(3,758,205)	(589,418)	(142,306)	(5,574,414)

(g) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM	Benalec CeTeau Asia Sdn. Bhd. RM
2020				
Assets and liabilities				
Non-current assets	2,846	7,596,566	-	834,810
Current assets	20,984,117	440,111,471	15,465	1,900,423
Non-current liabilities	-	(5,843,441)	-	-
Current liabilities	(25,363,102)	(444,740,085)	(24,111)	(12,805)
Net (liabilities)/assets	(4,376,139)	(2,875,489)	(8,646)	2,722,428
Results				
Revenue	-	-	-	-
Loss for the financial year	(2,657,522)	(3,185,900)	(7,992)	(179,271)
Total comprehensive loss	(2,657,522)	(3,185,900)	(7,677)	(179,271)
Cash flows used in operating activities	(174,498)	(2,352,426)	(141)	(35,347)
Cash flows from investing activities	173,752	4,667,710	-	-
Cash flows (used in)/from financing activities	-	(2,303,760)	-	6,591
Net (decrease)/increase in cash and cash equivalents	(746)	11,524	(141)	(28,756)

Notes to the Financial Statements
(continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM	Benalec CeTeau Asia Sdn. Bhd. RM
2019				
Assets and liabilities				
Non-current assets	3,333	452,489	-	1,029,326
Current assets	23,558,391	446,940,101	15,871	1,896,821
Current liabilities	(25,280,341)	(447,082,179)	(16,840)	(24,448)
Net (liabilities)/assets	(1,718,617)	310,411	(969)	2,901,699
Results				
Revenue	-	-	1,070,141	-
Loss for the financial period	(2,935,929)	(679,020)	(8,063,440)	(1,202,893)
Total comprehensive loss	(2,935,929)	(679,020)	(7,669,806)	(1,202,893)
Cash flows used in operating activities	(952,659)	(77,195,361)	(2,172,371)	(1,078,824)
Cash flows from investing activities	939,676	77,170,132	2,153,837	1,693,789
Cash flows used in financing activities	-	-	-	(641,483)
Net decrease in cash and cash equivalents	(12,983)	(25,229)	(18,534)	(26,518)

8. OTHER INVESTMENTS

	Group 2020 RM	Group 2019 RM
Financial assets at fair value through profit or loss		
Quoted ordinary shares in Malaysia		
As at 1 January 2020/1 July 2018	50,199	45,945
Fair value (loss)/gain	(456)	4,254
As at 31 December 2020/2019	49,743	50,199

(a) Other investments are classified as financial assets at fair value through profit or loss.

(b) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.

(c) Fair value of quoted ordinary shares is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

9. DEFERRED TAX

(a) Deferred tax assets and liabilities are made up of the following:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Balance as at 1 January 2020/1 July 2018	(23,695,375)	(10,282,918)	404,488	4,947,745
Recognised in profit or loss (Note 30)	(3,968,984)	(13,412,457)	(404,488)	(4,543,257)
Balance as at 31 December 2020/2019	(27,664,359)	(23,695,375)	-	404,488

Notes to the Financial Statements
(continued)

9. **DEFERRED TAX (continued)**

(a) Deferred tax assets and liabilities are made up of the following (continued):

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Presented after appropriate offsetting:				
Deferred tax assets, net	(27,664,359)	(24,449,633)	-	-
Deferred tax liabilities, net	-	754,258	-	404,488
	(27,664,359)	(23,695,375)	-	404,488

(b) Components and movements of deferred tax assets and liabilities during the financial year/period are as follows:

Deferred tax assets of the Group

	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Contract liabilities RM	Deferred revenue RM	Other RM	Total RM
At 1 January 2020	7,362,603	1,219,364	17,317,757	-	6,146,398	32,046,122
Recognised in profit or loss	(349,771)	4,694,628	2,874,514	-	(6,146,398)	1,072,973
At 31 December 2020 (before offsetting)	7,012,832	5,913,992	20,192,271	-	-	33,119,095
Offsetting						(5,454,736)
At 31 December 2020						27,664,359
At 1 July 2018	5,598,754	885,686	-	20,451,757	-	26,936,197
Recognised in profit or loss	1,763,849	333,678	17,317,757	(20,451,757)	6,146,398	5,109,925
At 31 December 2019 (before offsetting)	7,362,603	1,219,364	17,317,757	-	6,146,398	32,046,122
Offsetting						(7,596,489)
At 31 December 2019						24,449,633

Deferred tax liabilities of the Group

	Property, plant and equipment RM	RCSB RM	Others RM	Total RM
At 1 January 2020	7,066,269	404,488	879,990	8,350,747
Recognised in profit or loss	(1,611,755)	(404,488)	(879,768)	(2,896,011)
At 31 December 2020 (before offsetting)	5,454,514	-	222	5,454,736
Offsetting				(5,454,736)
At 31 December 2020				-
At 1 July 2018	11,705,534	4,947,745	-	16,653,279
Recognised in profit or loss	(4,639,265)	(4,543,257)	879,990	(8,302,532)
At 31 December 2019 (before offsetting)	7,066,269	404,488	879,990	8,350,747
Offsetting				(7,596,489)
At 31 December 2019				754,258

Notes to the Financial Statements
(continued)

9. DEFERRED TAX (continued)

(b) Components and movements of deferred tax assets and liabilities during the financial year/period are as follows (continued):

Deferred tax liabilities of the Company

	RCSB RM	Total RM
At 1 January 2020	404,488	404,488
Recognised in profit or loss (Note 30)	(404,488)	(404,488)
At 31 December 2020	-	-
At 1 July 2018	4,947,745	4,947,745
Recognised in profit or loss (Note 30)	(4,543,257)	(4,543,257)
At 31 December 2019	404,488	404,488

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM	2019 RM
Other deductible temporary differences	262,717	197,164
Unabsorbed capital allowances	85,134	139,638
Unused tax losses		
- Expired by 31 December 2025	1,365,780	11,398,283
- Expired by 31 December 2026	2,565,982	2,565,982
- Expired by 31 December 2027	5,045,567	-
	9,325,180	14,301,067

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

Unrecognised deferred tax assets arising from the disposed subsidiary, Benalec Shipyard Sdn. Bhd., amounted to RM10,001,549, has been excluded during the current financial year.

For the Malaysian entities, effective from year of assessment 2019, unused tax losses from a year of assessment can only be carried forward up to seven (7) consecutive years of assessment. Unabsorbed capital allowances do not expire under current tax legislation.

The estimation of future taxable profits require management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, deferred tax assets recognised are subject to estimation uncertainties and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

10. INVENTORIES

		Group	
	Note	2020 RM	2019 RM
At cost			
Consumables	(b)	227,408	227,408
Land held for sale	(c)	116,455,129	188,447,067
Land reclamation work in progress	11	405,354,651	404,942,626
Properties held for sale	(d)	356,895	356,585
		522,394,083	593,973,686
At net realisable value			
Properties held for sale	(d)	10,504,377	10,477,950
Land reclamation work in progress	11	20,554,806	23,110,396
		553,453,266	627,562,032

Notes to the Financial Statements
(continued)

10. INVENTORIES (continued)

(a) Inventories are stated at the lower of cost and net realisable value.

(b) Consumables

(i) Consumables represent parts purchased for future consumption in the construction of vessels and infrastructure works.

(ii) Cost is determined using the first-in, first-out basis. The cost comprises all costs of purchases, cost of conversion plus other costs incurred in bringing the consumables to their present location and condition.

(c) Land held for sale

(i) Cost of land held for sale comprises all reclamation costs, infrastructure costs, professional fees, stamp duties, commissions, and other costs incurred in bringing the land held for sale to their present condition.

(ii) Movements of the land held for sale are as follows:

	Group	
	2020 RM	2019 RM
As at 1 January 2020/1 July 2018	188,447,067	229,385,465
Costs incurred during the financial year/period	1,601,166	8,899,000
Less: Recognised in profit or loss during the financial year/period	(73,593,104)	(49,837,398)
As at 31 December 2020/2019	116,455,129	188,447,067

(iii) Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 91 to 95 years (2019: 92 to 96 years).

(iv) In the previous financial period, land held for sale of the Group with carrying amount of RM104,852,022 were charged to the Security Trustee as collateral for the issuance of RCSB as disclosed in Note 18(k)(i) to the financial statements. During the financial year, the outstanding bonds have been fully redeemed and the collaterals have been discharged.

(v) The carrying value of land held for sale of the Group pledged to financial institutions and licensed moneylenders for credit facilities granted to the Group and Company as disclosed in Notes 19(d)(ii) and (e) to the financial statements are as follows:

	Group	
	2020 RM	2019 RM
Borrowings (except for term loans II)	13,883,362	13,653,103
Term loans II	77,308,428	-
	91,191,790	13,653,103

(d) Properties held for sale

(i) Properties held for sale are in respect of seven (7) (2019: seven (7)) units of properties, which are available for immediate sale.

(ii) Cost of properties held for sale is determined using cost of the acquisition of properties held for sale and direct costs attributable to the acquisition of properties held for sale.

(e) Write-down for obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated recoverable amount. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trends and current economic trends to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

Notes to the Financial Statements
(continued)

11. LAND RECLAMATION WORK IN PROGRESS

	Group	
	2020 RM	2019 RM
At cost	405,354,651	404,942,626
At net realisable value	20,554,806	23,110,396
Land reclamation work in progress	425,909,457	428,053,022

(a) Land reclamation work in progress represents all costs that are directly attributable to the land reclamation concession or that can be allocated on a reasonable basis to the concession. The costs incurred comprise cost to secure the land reclamation concession, construction costs and other development costs common to the entire reclamation concession including professional fees and other relevant levies.

Land reclamation work in progress is recognised as an asset and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the reclaimed land in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Any expected loss is recognised immediately in profit or loss.

(b) Movements of the land reclamation work in progress are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 January 2020/1 July 2018	428,053,022	405,734,578
Effects of adoption of MFRS 16 (Note 38.1)	380,026	-
Costs incurred during the financial year/ period	69,135	24,859,550
Written down during the year/ period	(2,592,726)	(2,541,106)
Balance as at 31 December 2020/2019	425,909,457	428,053,022

(c) Land reclamation work in progress of the Group at the end of the reporting period are costs incurred for the reclamation works in Tanjung Piai and Pengerang in the State of Johor.

(d) Land reclamation work-in-progress written down during the financial year amounted to RM2,592,726 (2019: RM2,541,106) had been recognised as administrative and other expenses of the Group.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	27,747,330	6,676,088	-	-
Other receivables and deposits				
Other receivables	2,874,616	3,001,552	19,472	19,151
Amounts owing by related parties	227	1,106	-	-
Amounts owing by subsidiaries	-	-	90,783,388	98,309,524
Deposits	13,643,776	14,217,955	5,000	5,000
	16,518,619	17,220,613	90,807,860	98,333,675
Less: Impairment losses				
- third parties	(1,307,021)	(1,307,021)	-	-
- subsidiaries	-	-	(1,802,806)	(1,631,938)
- deposits	(608,507)	(610,016)	-	-
	(1,915,528)	(1,917,037)	(1,802,806)	(1,631,938)
Total other receivables and deposits	14,603,091	15,303,576	89,005,054	96,701,737
Total receivables	42,350,421	21,979,664	89,005,054	96,701,737
Prepayments				
Prepayments	6,060,063	3,916,649	2,737,280	-
	48,410,484	25,896,313	91,742,334	96,701,737

Notes to the Financial Statements
(continued)

12. TRADE AND OTHER RECEIVABLES (continued)

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 14 days to 90 days (2019: 14 days to 90 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

(c) Included in trade receivables of the Group are retention sums for contract works amounting to RM1,778,321 (2019: RM1,406,331). The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2020 RM	2019 RM
Within one (1) year	1,143,364	957,369
Within two (2) years	634,957	448,962
	1,778,321	1,406,331

(d) Currency exposure of trade and other receivables (excluding prepayments) of the Group are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	42,344,892	21,977,064	89,005,054	96,701,737
Singapore Dollar	3,617	456	-	-
United States Dollar	1,912	2,144	-	-
	42,350,421	21,979,664	89,005,054	96,701,737

(e) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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.

During this process, the probability of non-payment by the trade receivables are adjusted by forward looking information on macroeconomic factors and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group had identified the lending interest rate and Gross Domestic Product ("GDP") as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative and other expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

No expected credit loss is recognised arising from trade receivables as it is negligible.

(f) Movements in the impairment losses for trade receivables are as follows:

	Lifetime ECL Group RM
At 1 July 2018	1,886,966
Reversal of impairment losses	(396,750)
Written off	(1,490,216)
As at 31 December 2019/2020	-

Notes to the Financial Statements
(continued)

12. TRADE AND OTHER RECEIVABLES (continued)

(g) Aging analysis of trade receivables of the Group are as follows:

2020	Gross/Total RM
Current	27,556,769
Past due:	
1 to 30 days	61,182
31 to 60 days	-
61 to 90 days	-
91 to 120 days	54,111
More than 120 days	75,268
	190,561
	27,747,330

2019	
Current	6,334,594
Past due:	
1 to 30 days	327,195
31 to 60 days	-
61 to 90 days	-
91 to 120 days	-
More than 120 days	14,299
	341,494
	6,676,088

(h) Included in deposits of the Group is an amount of RM11,006,360 (2019: RM11,006,360) paid as deposit for the acquisition of a parcel of land.

(i) Amounts owing from subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

(j) Impairment for equity loans, other receivables, amounts owing from subsidiaries and related parties are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to debtors who are in significant financial difficulties as at the end of the reporting period.

The Group and the Company defined significant increase in credit risk based on the operating performance of the receivables.

The probability of non-payment of other receivables, amounts owing from subsidiaries and related parties are adjusted by forward looking information (lending interest rates and Malaysian construction output index) and multiplied by the amount of the expected loss arising from default to determine the twelve months or lifetime expected credit loss for the other receivables, amounts owing from subsidiaries and related parties.

It requires management to exercise judgement in determining the probability of default by other receivables, amounts due from subsidiaries and related parties, appropriate forward looking information and significant increase in credit risk.

Notes to the Financial Statements
(continued)

12. TRADE AND OTHER RECEIVABLES (continued)

(k) The reconciliation of movements in the impairment losses on other receivables and deposits is as follows:

	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total allowance RM
Group			
At 1 January 2020	50,016	1,867,021	1,917,037
Reversal of impairment losses	(1,509)	-	(1,509)
At 31 December 2020	48,507	1,867,021	1,915,528
At 1 July 2018	55,866	1,307,021	1,362,887
Charge for the financial period	39,606	560,000	599,606
Reversal of impairment losses	(45,456)	-	(45,456)
At 31 December 2019	50,016	1,867,021	1,917,037
Company			
At 1 January 2020	1,631,938	-	1,631,938
Charge for the financial year	170,868	-	170,868
At 31 December 2020	1,802,806	-	1,802,806
At 1 July 2018	3,621,193	114,544	3,735,737
Reversal of impairment losses	(1,989,255)	(114,544)	(2,103,799)
At 31 December 2019	1,631,938	-	1,631,938

(l) As at the end of each reporting year, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2020 RM	**2019 RM**
Maximum exposure	27,747,330	6,676,088
Collateral obtained	-	-
Net exposure to credit risk	27,747,330	6,676,088

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(m) The Group determines concentrations of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting year is as follows:

	2020		2019	
	RM	**% of total**	**RM**	**% of total**
By country				
Malaysia	27,747,330	100.00%	6,676,088	100.00%
By industry sectors				
Marine construction				
- Land reclamation services	23,082,225	83.19%	4,922,854	73.74%
Vessel chartering and marine transportation	4,472,736	16.12%	1,685,766	25.25%
Others	192,369	0.69%	67,468	1.01%
	27,747,330	100.00%	6,676,088	100.00%

Notes to the Financial Statements
(continued)

12. TRADE AND OTHER RECEIVABLES (continued)

(m) (continued)

At the end of each reporting year, there was no significant concentration of credit risk for the Company other than amounts owing by subsidiaries, net of impairment to the Company of RM88,980,582 (2019: RM96,677,586).

(n) Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM	2019 RM
Contract assets		
Land reclamation contracts	45,765,435	51,033,545
Contract liabilities		
Deferred revenue		
- Non-current	(84,092,051)	(72,114,914)
- Current	(42,408)	(42,408)
	(84,134,459)	(72,157,322)

(a) Contract assets and contract liabilities represent the timing differences in revenue recognition and the milestone billings.

Contract assets of the Group shall be settled by way of apportionment of completed reclaimed land. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group received the apportionment of completed reclaimed land.

Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

(b) Contract assets from land reclamation contracts

	2020 RM	2019 RM
At 1 January 2020/1 July 2018, as previously reported	51,033,545	75,676,208
Effects of adoption of MFRS 16 (Note 38.1)	557	-
At 1 January 2020/1 July 2018, as restated	51,034,102	75,676,208
Additions	796,014	2,591,600
Impairment of contract assets	(6,125,318)	(25,609,992)
Revenue recognised during the year/period	60,637	(1,624,271)
At 31 December 2020/2019	45,765,435	51,033,545
Aggregate costs incurred to date	56,467,795	55,628,824
Add: Attributable profits	21,032,950	21,014,713
	77,500,745	76,643,537
Less: Accumulated impairment losses	(31,735,310)	(25,609,992)
	45,765,435	51,033,545

Notes to the Financial Statements
(continued)

13. CONTRACT ASSETS/(LIABILITIES) (continued)

(c) Contract liabilities from deferred revenue

	2020 RM	2019 RM
At 1 January 2020/1 July 2018	(72,157,322)	(85,215,656)
Revenue recognised during the year/period	6,508,733	22,344,168
Progress billings	(18,485,870)	(9,285,834)
At 31 December 2020	(84,134,459)	(72,157,322)
Aggregate costs incurred to date	73,722,626	68,190,233
Add: Attributable profits	24,014,552	23,038,212
	97,737,178	91,228,445
Less: Progress billings	(181,871,637)	(163,385,767)
	(84,134,459)	(72,157,322)

(d) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting year, are as follows:

	Group	
	2020 RM	2019 RM
Within 1 year	42,408	42,408
More than 1 year	84,092,051	72,114,914
	84,134,459	72,157,322

Non-current contract liabilities do not contain significant financing component because the customers paid for the unsatisfied performance obligations in advance and the timing of the transfer of those unsatisfied performance obligations are at the discretion of the customers.

(e) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 12(e) to the financial statements.

	Group	
	2020	2019
Expected loss rate	40.95%	33.41%
Gross carrying amount (RM)	77,500,745	76,643,537
Lifetime ECL (RM)	31,735,310	25,609,992

The reconciliation of movements in the impairment accounts in contract assets is as follows:

	Group	
	2020 RM	2019 RM
At 1 January 2020/1 July 2018	25,609,992	3,987,419
Charge for the financial year	6,125,318	25,609,992
Written off	-	(3,987,419)
At 31 December 2020/2019	31,735,310	25,609,992

(f) The amount of RM343,260 (2019: RM19,416,580) recognised in contract liabilities at the beginning of the financial year had been recognised as revenue for the financial year ended 31 December 2020.

Notes to the Financial Statements
(continued)

14. SHORT TERM FUNDS

	Group	
	2020 RM	2019 RM
Financial assets at fair value through profit or loss		
Unit trust quoted in Malaysia	152,178	148,611

(a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. Fair value of short term funds in Malaysia is determined by reference to counter parties' quotation at the close of business at the end of the reporting year.

(b) All short term funds are denominated in RM.

15. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	712,473	585,428	5,421	13,593
Deposits with licensed financial institutions	24,412,582	29,338,363	-	5,542,128
As reported in the statements of financial position	25,125,055	29,923,791	5,421	5,555,721
Less:				
Bank overdraft (Note 19)	(11,963,691)	(14,494,259)	-	-
Fixed deposits pledged with licensed financial institutions (Note a)	(24,412,582)	(23,796,235)	-	-
Deposits and bank balances charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds (Note b)	-	(5,548,069)	-	(5,548,069)
Cash and cash equivalents included in statements of cash flows	(11,251,218)	(13,914,772)	5,421	7,652

(a) Deposits with licensed financial institutions of the Group amounting to RM24,412,582 (2019: RM23,796,235) were pledged as security for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 19(d) to the financial statements.

(b) In the previous financial period, deposits and bank balances of the Group and of the Company amounting to RM5,548,069 were charged in favour of the Security Trustee of the Group pursuant to RCSB as disclosed in Note 18(k)(iii) to the financial statements.

(c) Deposits with licensed banks are subject to fixed weighted average effective interest rates of 2.41% (2019: 2.56%).

(d) Sensitivity analysis of interest rate at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

Notes to the Financial Statements
(continued)

15. CASH AND BANK BALANCES (continued)

(e) Currency exposure of cash and bank balances is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	25,010,174	29,723,287	5,421	5,555,721
Singapore Dollar	56,819	103,911	-	-
United States Dollar	58,062	96,593	-	-
	25,125,055	29,923,791	5,421	5,555,721

Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

(f) Cash and bank balances are classified as financial assets measured at amortised cost.

(g) No expected credit losses were recognised arising from the cash at banks and deposits with licensed banks because the probability of default by these financial institutions were negligible.

16. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid up ordinary shares				
At beginning of financial year/period	861,802,500	371,488,527	831,802,500	365,488,527
Issuance of ordinary shares pursuant to private placement	-	-	30,000,000	6,000,000
At end of financial year/period	861,802,500	371,488,527	861,802,500	371,488,527

(a) Owners of the parent of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the residual assets of the Company.

(b) In the previous financial period, the issued and fully paid-up ordinary share capital of the Company was increased from 831,802,500 ordinary shares to 861,802,500 ordinary shares by way of issuance of 30,000,000 new ordinary shares amounted to RM6,000,000 pursuant to the private placement undertaken by the Company at an issue price of RM0.20 per share.

17. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Treasury shares	(12,703,204)	(12,703,204)	(12,703,204)	(12,703,204)
Exchange translation reserve	34,808,956	35,923,845	-	-
Reverse acquisition debit	(146,069,559)	(146,069,559)	-	-
Share options reserve	2,666,903	3,021,025	2,666,903	3,021,025
Equity component of RCSB (Note 18(k))	-	25,225,506	-	25,225,506
Distributable:				
Retained earnings	233,023,377	275,229,475	21,101,063	9,607,458
	111,726,473	180,627,088	11,064,762	25,150,785

Notes to the Financial Statements
(continued)

17. RESERVES (continued)

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 28 September 2020, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Of the total 861,802,500 (2019: 861,802,500) issued and fully paid ordinary shares as at 31 December 2020, 12,715,400 (2019: 12,715,400) ordinary shares purchased for RM12,703,204 (2019: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 849,087,100 (2019: 849,087,100).

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Reverse acquisition debit

Reverse acquisition debit arose from the reverse acquisition of the Company, BSSB and Oceanliner by BSB in the previous financial years, as follows:

	Group RM
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares)	157,499,998
Less:	
- Issued equity of BSB	(7,300,000)
- Deemed purchase consideration of the two (2) subsidiaries, BSSB and Oceanliner	(4,130,439)
Reverse acquisition debit	146,069,559

(d) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to Eligible Executives. This reserve is made up of the cumulative value of services received from Eligible Executives for the issue of options. Share options reserve in relation to unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

(e) Equity component of RCSB

In the previous financial period, the equity component of RCSB represented the residual amount of the RCSB after deducted the fair value of the liability component. This amount was presented net of transaction costs and deferred tax liability. The salient terms of the RCSB were as disclosed in Note 18 to the financial statements.

Notes to the Financial Statements
(continued)

18. REDEEMABLE CONVERTIBLE SECURED BONDS ("RCSB")

	Group and Company	
	2020 RM	2019 RM
Non-current liabilities		
Liability component at beginning of financial year/period	-	164,973,346
Reclassification to current liabilities	-	(164,973,346)
Liability component as at end of financial year/period	-	-
Current liabilities		
Liability component at beginning of financial year/period	51,656,577	-
Reclassification from non-current liabilities	-	164,973,346
Redemption of RCSB	(71,000,000)	(129,000,000)
Finance costs (Note 28)	19,343,423	15,683,231
Liability component as at end of financial year/period	-	51,656,577

(a) The liability component of RCSB is measured at amortised cost.

(b) In the previous financial period, the Directors sought consent of the Bondholder to revise the terms and conditions of the Bonds, the Trust Deed, the A&C (Designated Accounts) and all other relevant documents which includes the consent for early redemption of part of the Bonds amounted to RM127,000,000 in nominal value at par plus all accrued and unpaid coupon payment and to extend the Put Option period to up to the maturity period of the Bonds which is 29 April 2022.

(c) In the previous financial period, the Bondholder notified that it was agreeable to pass certain special resolutions which included the early redemption to take place after the effective date of the first partial redemption on 29 October 2019 of the amount of RM129,000,000 in nominal value. However, the extension to the Put Option period to up to the maturity date of the bonds had been rejected and the coupon rate had been revised to 5.50% per annum payable semi-annually in arrears.

(d) In the previous financial period, the Company completed the first partial redemption of the RCSB amounted to RM129,000,000 in nominal value.

(e) The salient terms of the RCSB up to the point of the first partial redemption of RM129,000,000 on 29 October 2019 was as follows:

(i) Conversion rights and rates

The RCSB are convertible to new ordinary shares in the Company during the conversion period (i.e. any time after the issue date of 29 April 2015 and up to the maturity date of 29 April 2022). The conversion price is fixed at RM0.705 per ordinary share of the Company. However, the conversion price would be subject to further price adjustments against certain dilutive events as stipulated in the Trust Deed.

The new ordinary shares to be allotted and issued upon conversion of the RCSB would rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) Tenure

The RCSB are for a period of seven (7) years maturing on 29 April 2022.

(iii) Coupon rate

The RCSB bears a coupon rate of 4.50% per annum payable semi-annually in arrears.

(iv) Put option

The RCSB may be redeemed on the 5th anniversary of the issue date in whole or in part at the nominal value of the outstanding RCSB.

(v) Redemption

All outstanding RCSB would be mandatorily redeemed in full by the Company on 29 April 2022.

Notes to the Financial Statements
(continued)

18. REDEEMABLE CONVERTIBLE SECURED BONDS ("RCSB") (continued)

(f) The salient terms after the first partial redemption of RCSB is as follows:

(i) Conversion rights and rates

No change in conversion rights and rates subsequent to the redemption of RCSB.

(ii) Tenure

No change in tenure subsequent to the redemption of RCSB.

(iii) Coupon rate

The RCSB bears a coupon rate of 5.50% per annum payable semi-annually in arrears subsequent to the first partial redemption.

(iv) Put option

The RCSB may be redeemed on the 5th anniversary of the issue date in whole or in part at the nominal value of the outstanding RCSB.

(v) Redemption

All outstanding RCSB would be mandatorily redeemed in full by the Company on 29 April 2020.

(g) On 24 January 2020, the Company received a Put Option notice from the Bondholder to fully redeem all of the outstanding RCSB of RM71,000,000 on 29 April 2020 ("Put Option Date").

(h) On 17 March 2020, the Directors proposed a second partial redemption of RM18,000,000 on the Put Option Date and submitted a proposed repayment plan to the Bondholder with respect to the balance outstanding amount. Subsequently, on 28 April 2020, special resolutions were passed by the Bondholder to allow the second partial redemption of RM18,000,000 by Put Option Date in which the Company had successfully redeemed.

(i) On 28 April 2020, the Bondholder gave an extension of time for the redemption of the outstanding bonds of RM53,000,000 for a period of up to three (3) months from the Put Option date, which is 29 April 2020, until 29 July 2020 at a coupon rate of 7.44% per annum payable semi-annually in arrears.

(j) On 29 July 2020, the outstanding bonds amounting to RM53,000,000 in nominal value was fully redeemed.

(k) At the point of inception of the RCSB, the net proceeds received from the issue of the RCSB was split between the liability component and equity component, representing the fair value of the embedded option to convert the liability into equity of the Group and of the Company, as follows:

	Group and Company RM
Proceeds received	181,170,000
RCSB issuance expenses	(3,357,157)
	177,812,843
Deferred tax liability	(7,965,949)
Liability component	(144,621,388)
Equity component (Note 17)	25,225,506

In the previous financial period, the RCSB were secured by inter-alia:

(i) legal charges over the land held for sale of the Group as disclosed in Note 10(c) to the financial statements;

(ii) assignment of land reclamation agreement awarded to the Group; and

(iii) deposits and bank balances charged in favour of the Security Trustee of the Group as disclosed in Note 15(b) to the financial statements.

Notes to the Financial Statements
(continued)

18. REDEEMABLE CONVERTIBLE SECURED BONDS ("RCSB") (continued)

(l) The table below summarises the maturity profile of the RCSB of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group and Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2019				
RCSB	73,288,332	-	-	73,288,332
Total undiscounted financial liabilities	73,288,332	-	-	73,288,332

(m) In the previous financial period, RCSB were subject to fixed effective interest rates of 5.48%.

(n) Sensitivity analysis of interest rate as at the end of the reporting year was not presented as fixed rate instruments and is not affected by changes in interest rates.

(o) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amount shown in the statements of financial position:

	2019	
Group	**Carrying amount RM**	**Fair value RM**
RCSB	51,656,577	73,288,332

The fair value of RCSB was categorised as Level 2 in the fair value hierarchy.

Fair value of the RCSB is estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

19. BORROWINGS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 20)	-	601,783	-	-
Term loans I	11,158,918	12,725,725	-	-
Term loans II	54,700,000	-	54,700,000	-
	65,858,918	13,327,508	54,700,000	-
Current liabilities				
Secured				
Hire purchase liabilities (Note 20)	-	3,083,907	-	-
Bank overdraft (Note 15)	11,963,691	14,494,259	-	-
Trust receipts	956,228	832,171	-	-
Revolving credit	10,000,000	10,000,000	-	-
Term loans I	1,854,949	1,514,496	-	-
Invoice financing	2,881,616	127,431	-	-
	27,656,484	30,052,264	-	-

Notes to the Financial Statements
(continued)

19. BORROWINGS (continued)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Total borrowings				
Hire purchase liabilities (Note 20)	-	3,685,690	-	-
Bank overdraft (Note 15)	11,963,691	14,494,259	-	-
Trust receipts	956,228	832,171	-	-
Revolving credit	10,000,000	10,000,000	-	-
Term loans I	13,013,867	14,240,221	-	-
Term loans II	54,700,000	-	54,700,000	-
Invoice financing	2,881,616	127,431	-	-
	93,515,402	43,379,772	54,700,000	-

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Borrowings are denominated in RM.

(c) Fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) All borrowings of the Group (except for term loans II) are secured by:

(i) Legal charge over certain property, plant and equipment of the Group as disclosed in Note 5(d) to the financial statements;

(ii) Legal charge over certain land held for sale of the Group as disclosed in Note 10(c)(v) to the financial statements;

(iii) Deposits of the Group as disclosed in Note 15(a) to the financial statements; and

(iv) Assignment of insurances in favour of the financial institutions as mortgagee and loss payee covering but not limited to the hull and machinery coverage and war risks.

(e) Term loans II are secured by certain land held for sale of the Group as disclosed in Note 10(c)(v) to the financial statements.

(f) Term loan agreements entered into by the Group include repayment based on contractual terms at the discretion of financial institutions and licensed moneylenders. The Group believes that in the absence of a default being committed by the Group, these financial institutions and licensed moneylenders are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans has been classified between current and non-current liabilities based on their repayment year.

(g) Interest rate profile of the borrowings are as follows:

	2020 RM	**2019 RM**
Group		
Fixed rate	57,427,514	7,030,537
Floating rate	36,087,888	36,349,235
	93,515,402	43,379,772
Company		
Fixed rate	54,700,000	-

Notes to the Financial Statements
(continued)

19. BORROWINGS (continued)

(h) The weighted average interest rates per annum of borrowings of the Group and of the Company that were effective as at end of reporting date were as follows:

Group	2020 %	2019 %
Fixed rate		
Hire purchase liabilities	-	4.06
Term loans I	9.00	9.00
Term loans II	10.00	-
Floating rate		
Bank overdraft	7.11	7.64
Invoice financing	3.78	4.99
Revolving credit	7.84	8.51
Term loans I	4.21	5.16
Trust receipt	6.92	8.01
Company		
Fixed rate		
Term loans II	10.00	-

(i) Sensitivity analysis of interest rate at the end of the reporting year, assuming that all other variables remain constant, is as follows:

	Group	
	2020 RM	2019 RM
Effects of 30bp changes to loss after tax		
Floating rate instruments	(82,280)	(82,876)

Sensitivity analysis for fixed rate borrowings as at the end of the reporting year was not presented as fixed rate instruments as it is not affected by changes in interest rates.

(j) The carrying amounts of floating rate borrowings are reasonable approximation of their fair values due to they are re-priced to market interest rates on or near the end of each reporting year.

(k) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amount shown in the statements of financial position:

	2020		2019	
Group	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Hire purchase liabilities	-	-	3,685,690	3,396,251
Term loans I	2,727,514	2,223,272	3,344,847	2,606,046
Term loans II	54,700,000	41,096,920	-	-
Company				
Term loans II	54,700,000	41,096,920	-	-

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

Notes to the Financial Statements
(continued)

19. BORROWINGS (continued)

(l) The table below summarises the maturity profile of the borrowings of the Group and of the Company at the end of the reporting year based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2020				
Bank overdraft	11,963,691	-	-	11,963,691
Trust receipts	956,228	-	-	956,228
Revolving credit	10,127,841	-	-	10,127,841
Term loans I	2,531,988	7,328,107	6,212,015	16,072,110
Term loans II	5,470,000	62,905,000	-	68,375,000
Invoice financing	2,881,616	-	-	2,881,616
Total undiscounted financial liabilities	33,931,364	70,233,107	6,212,015	110,376,486
2019				
Hire purchase liabilities	3,202,952	631,780	-	3,834,732
Bank overdraft	14,494,259	-	-	14,494,259
Trust receipts	832,171	-	-	832,171
Revolving credit	10,157,282	-	-	10,157,282
Term loans I	2,310,466	8,526,352	7,415,002	18,251,820
Invoice financing	127,431	-	-	127,431
Total undiscounted financial liabilities	31,124,561	9,158,132	7,415,002	47,697,695
Company				
2020				
Term loans II	5,470,000	62,905,000	-	68,375,000

20. HIRE PURCHASE LIABILITIES

	2019 RM
Minimum hire purchase payments:	
- not later than one (1) year	3,202,952
- later than one (1) year and not later than five (5) years	631,780
	3,834,732
Less: Future interest charges	(149,042)
Present value of hire purchase liabilities	3,685,690
Repayable as follows:	
Current liabilities	
- not later than one (1) year (Note 19)	3,083,907
Non-current liabilities	
- later than one (1) year and not later than five (5) years (Note 19)	601,783
	3,685,690

Notes to the Financial Statements
(continued)

21. SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme should be in force for a period of five (5) years until 16 January 2016 ("the option period"). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme, which expired on 16 January 2016 for another five (5) years until 15 January 2021.

The main features of the Share Issuance Scheme are as follows:

(a) Eligible Directors and executives ("Eligible Executives") are those who are confirmed employees of the Group and have served full time for at least a year of six (6) months of continuous services before the date of offer;

(b) The total number of ordinary shares offered under the Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;

(c) The option price under the Share Issuance Scheme shall be the five (5) days weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10%;

(d) The aggregate number of ordinary shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the allowable allotment set out in the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;

(e) The options granted to Eligible Executives will lapse when they are no longer in employment with the Group;

(f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

(g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

(h) Details of the options over ordinary shares of the Company are as follows:

		← Number of options over ordinary shares →					
Date of offer	Exercise price RM	Outstanding as at 1.1.2020	Movements during the financial period Granted	Exercised	Forfeited	Outstanding as at 31.12.2020	Exercisable as at 31.12.2020
2020							
16 April 2012	1.06	3,113,500	-	-	(116,000)	2,997,500	2,997,500
3 January 2014	0.78	400,000	-	-	-	400,000	400,000
28 January 2014	0.79	5,681,000	-	-	(517,000)	5,164,000	5,164,000
18 July 2017	0.38	12,170,000	-	-	(1,930,000)	10,240,000	10,240,000
		21,364,500	-	-	(2,563,000)	18,801,500	18,801,500
Weighted average exercise prices (RM)		0.60	-	-	0.49	0.61	0.61
Weighted average remaining contractual life (months)		13					1

Notes to the Financial Statements
(continued)

21. SHARE ISSUANCE SCHEME (continued)

The main features of the Share Issuance Scheme are as follows (continued):

(h) Details of the options over ordinary shares of the Company are as follows (continued):

Date of offer	Exercise price RM	Outstanding as at 1.7.2018	Granted	Exercised	Forfeited	Outstanding as at 31.12.2019	Exercisable as at 31.12.2019
		← Number of options over ordinary shares →	Movements during the financial period				
2019							
16 April 2012	1.06	3,257,500	-	-	(144,000)	3,113,500	3,113,500
3 January 2014	0.78	600,000	-	-	(200,000)	400,000	400,000
28 January 2014	0.79	6,253,500	-	-	(572,500)	5,681,000	5,681,000
18 July 2017	0.38	15,660,000	-	-	(3,490,000)	12,170,000	12,170,000
		25,771,000	-	-	(4,406,500)	21,364,500	21,364,500
Weighted average exercise prices (RM)		0.57	-	-	0.47	0.60	0.60
Weighted average remaining contractual life (months)		31					13

The details of options outstanding at the end of each financial year/period are as follows:

	Exercise price RM	Exercise period
2012 options [(1)]	1.06	16.1.2017 - 15.1.2021[(2)]
2014 options [(3)]	0.78	16.1.2017 - 15.1.2021[(2)]
2014 options [(3)]	0.79	16.1.2017 - 15.1.2021[(2)]
2018 options [(4)]	0.38	18.7.2017 - 15.1.2021[(2)]

[(1)] *50% exercisable during the financial year ended 30 June 2012 and the remaining 50% exercisable commencing 30 April 2014 and thereafter.*

[(2)] *The expiry of the option period has been extended to 15 January 2021 pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws.*

[(3)] *50% exercisable during the financial year ended 30 June 2014 and the remaining 50% exercisable commencing 28 January 2016 and thereafter.*

[(4)] *50% exercisable during the financial year ended 30 June 2018 and the remaining 50% exercisable commencing 17 July 2018 and thereafter.*

The fair value of services received in return for options granted was based on the modified fair value of options granted due to the extension of exercise year, measured using the Black Scholes model, with the following inputs:

Fair value of options and assumptions	2012 First Grant	2014 Second Grant	2014 Third Grant	2018 Fourth Grant
Fair value at grant date (RM)	0.046	0.090	0.093	0.130
Weighted average share price (RM)	0.58	0.58	0.58	0.42
Weighted average exercise price (RM)	1.06	0.78	0.79	0.38
Expected volatility (%)	25.48	25.48	25.48	37.31
Expected life (years)	8.76	7.04	6.97	3.50
Risk free interest rate (%)	3.43	3.43	3.43	3.36

During the financial year, there were 2,563,000 (2019: 4,406,500) options being forfeited as a result of termination of employment of the Eligible Executives of the Group and accordingly an amount of RM354,122 (2019: RM611,834) has been transferred from the share options reserve to retained earnings.

Notes to the Financial Statements
(continued)

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities				
Other payables				
Amounts owing to related parties	63,199,458	59,921,906	-	-
Current liabilities				
Trade payables				
- third parties	18,497,145	15,716,716	-	-
- a related party	18,923	18,923	-	-
	18,516,068	15,735,639	-	-
Other payables				
Other payables	27,995,970	38,365,873	16,297	166,079
Accruals	5,087,117	5,134,356	2,913,900	1,384,116
Amounts owing to related parties	16,776,390	23,956,753	4,660	4,660
	49,859,477	67,456,982	2,934,857	1,554,855
Total current payables	68,375,545	83,192,621	2,934,857	1,554,855
Total payables	131,575,003	143,114,527	2,934,857	1,554,855

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables, including amount owing to a related party, are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 90 days (2019: 30 days to 90 days).

(c) Included in other payables of the Group are deposits received from third party purchasers for the purchase of leasehold land amounting to RM18,586,928 (2019: RM19,827,516) and deposits received from third party customers for the sale of land held for sale amounting to RM2,177,693 (2019: RM4,612,394) and coupon interests payable in respect of the RCSB of the Group and of the Company amounting to RM Nil (2019: RM652,616) were also included in other payables.

(d) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for RM63,199,458 (2019: RM59,921,906) which is not repayable within the next twelve months.

(e) Currency exposure of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	85,099,921	93,213,893	2,934,857	1,554,855
Singapore Dollar	46,392,689	49,618,635	-	-
United States Dollar	82,393	281,999	-	-
	131,575,003	143,114,527	2,934,857	1,554,855

(f) Sensitivity analysis of RM against foreign currencies at the end of the reporting year, assuming that all other variables remain constant, are as follows:

	Group	
	2020 RM	2019 RM
Effects of 10% changes in		
Loss after tax		
- RM/SGD	3,525,844	3,771,016
- RM/USD	6,262	21,432

Notes to the Financial Statements
(continued)

22. TRADE AND OTHER PAYABLES (continued)

(g) The table below summarises the maturity profile of the trade and other payables of the Group at the end of the reporting year based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Total RM
2020			
Group			
Trade and other payables	68,375,545	68,107,269	136,482,814
Company			
Trade and other payables	2,934,857	-	2,934,857
2019			
Group			
Trade and other payables	83,192,621	65,149,062	148,341,683
Company			
Trade and other payables	1,554,855	-	1,554,855

23. COMMITMENTS

Operating lease commitments

The Group as lessee

The Group had entered into non-cancellable lease arrangements for office premises, staff housing, office equipment and a sand pump barge, resulted in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. The Group had aggregated future minimum lease commitments as at the end of the previous reporting period as follows:

	Group 2019 RM
Not later than one (1) year	162,716
Later than one (1) year but not later than five (5) years	161,208
	323,924

24. CONTINGENT LIABILITIES

	Group	
	2020 RM	2019 RM
Secured		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	41,845,803	42,755,682

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contract as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote. Accordingly, the fair values of the corporate guarantees are negligible.

Notes to the Financial Statements
(continued)

25. REVENUE

	Group	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Revenue from contracts with customers:		
Marine construction		
- Contract works	28,358,347	27,435,234
- Sale of marine construction materials	-	3,256,983
- Disposal of land held for sale:		
- reclaimed land	51,666,639	65,444,900
- infrastructure works	6,508,733	22,344,168
Disposal of properties held for sale	-	7,870,000
Marine transportation	74,523,992	8,289,182
	161,057,711	134,640,467
Other revenue:		
Vessels chartering	-	1,275,937
	161,057,711	135,916,404
Timing of revenue recognition:		
Transferred over time	34,867,080	49,779,402
Transferred at a point in time	126,190,631	84,861,065
	161,057,711	134,640,467

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Revenue from construction contracts

(i) Cash-settlement contract

Revenue from contract works, of which the settlement of the contract sum is via progress payment in cash, is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

(ii) Settlement-in-kind contract

Revenue from contract works, of which the settlement of the contract sum is in kind (via allocation of land portion reclaimed), is recognised over the year of the contract using the input method by reference to the cost incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies.

Notes to the Financial Statements
(continued)

25. REVENUE (continued)

(b) Disposal of land held for sale

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from disposal of land held for sale are categorised into two (2) identifiable components, which are reclaimed land component and infrastructure cost component.

(i) Reclaimed land component

The Group recognises revenue at a point in time for disposal of reclaimed land component, when the control of the reclaimed land has been transferred to the purchasers, being when vacant possession of reclaimed land delivered to the customers and the Company retains neither continuing managerial involvement over the land, which coincides with the delivery of land and acceptance by customers.

(ii) Infrastructure cost component

The Group recognises revenue at a point over time for infrastructure cost component using the input method by reference to the expected cost plus a margin approach.

Revenue in relation to the infrastructure cost component are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to incur the infrastructure cost, the contract liabilities in relation to the infrastructure cost component would be reversed and recognised in profit or loss.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies.

(c) Disposal of properties held for sale

The Group recognises revenue at a point in time for the disposal of properties held for sale, net of discount, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(d) Sale of marine construction materials

Revenue from sale of marine construction materials is recognised at a point in time when the goods has been transferred to the customers coincides with the delivery of goods and acceptance by customers.

There is no significant financing component in the revenue arising from sale of marine construction materials as the sales are made on the normal credit terms not exceeding twelve months.

(e) Marine transportation

Revenue from marine transportation is recognised at a point in time when the service has been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no right of return and warranty provided to the customers on the services rendered.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

(f) Vessels chartering

Revenue from vessels chartering is accounted for on a straight line basis over the lease term of an ongoing lease.

Notes to the Financial Statements
(continued)

26. COST OF SALES

	Group	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Marine construction:		
- Contract works	24,783,040	24,909,183
- Sales of marine construction materials	-	573,530
- Disposals of land held for sale		
- reclaimed land	68,018,278	46,638,741
- infrastructure works	5,507,563	9,785,280
Disposal of properties held for sale	-	9,355,610
Vessels chartering	3,552,687	6,522,966
Marine transportation	70,706,668	7,728,938
	172,568,236	105,514,248

27. OTHER INCOME

	Group		Company	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Accretion income of non-current amounts owing to related parties	986,798	5,227,156	-	-
Foreign exchange gain:				
- realised	47,045	5,354,256	-	-
- unrealised	1,509,736	4,342,939	-	-
Fair value adjustment on other investments (Note 8)	-	4,254	-	-
Gain on disposal of:				
- non-current asset held for sale	-	14,405,754	-	-
- property, plant and equipment	1,745,227	4,656,391	-	-
- a subsidiary	243,892	-	2	-
Gross dividend received from shares quoted in Malaysia	5,648	12,250	-	-
Interest income from:				
- a subsidiary	-	-	15,648,412	20,504,098
- fixed deposits	807,405	6,122,664	191,058	5,134,585
- late payment interests	-	1,053,376	-	-
- others	1,345	3,695	343	758
Renouncement of dividend by a non-controlling interest	-	5,063,538	-	-
Reversal of impairment losses on trade and other receivables	1,509	442,206	-	2,103,799
Sales of used scraps	655,417	1,295,361	-	-
Waiver of amount owing to trade payables	-	406,797	-	-
Others	564,019	320,665	-	-
	6,568,041	48,711,302	15,839,815	27,743,240

(a) Interest income is recognised as it accrues, using the effective interest method.

Notes to the Financial Statements
(continued)

28. FINANCE COSTS

	Group		Company	
	1.1.2020 to 31.12.2020 RM	**1.7.2018 to 31.12.2019 RM**	**1.1.2020 to 31.12.2020 RM**	**1.7.2018 to 31.12.2019 RM**
Bank overdraft	939,325	1,516,562	-	-
Hire purchase liabilities	-	797,078	-	-
Lease liabilities	657,695	-	-	-
RCSB:				
- unwinding of discount (Note 18)	19,343,423	15,683,231	19,343,423	15,683,231
- coupon interests	2,288,332	12,660,835	2,288,332	12,660,835
Term loans and revolving credits	4,232,181	2,294,535	2,735,000	-
Trust receipts	103,727	303,676	-	-
Others	208,450	193,672	-	-
	27,773,133	33,449,589	24,366,755	28,344,066

29. LOSS BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, loss before taxation is arrived at:

	Group		Company	
	1.1.2020 to 31.12.2020 RM	**1.7.2018 to 31.12.2019 RM**	**1.1.2020 to 31.12.2020 RM**	**1.7.2018 to 31.12.2019 RM**
After charging:				
Auditors' remuneration:				
BDO PLT:				
- Statutory audit:				
- current year	380,340	582,079	107,000	160,000
- under provision in prior years	50,000	-	-	-
- Non-statutory audit	13,000	18,000	13,000	18,000
Other auditors:				
- Statutory audit	84,296	75,872	-	-
Accretion expenses of non-current amounts owing to related parties	1,306,143	-	-	-
Expense relating to short-term leases (Note 6(d))	22,469	-	-	-
Fair value adjustment on other investments (Note 8)	456	-	-	-
Impairment losses on:				
- contract assets (Note 13)	6,125,318	25,609,992	-	-
- cost of investment in a subsidiary (Note 7)	-	-	-	452,186
- land reclamation work in progress (Note 11)	2,592,726	2,541,106	-	-
- property, plant and equipment (Note 5)	972,803	16,621,013	-	-
- amount owing by a subsidiary (Note 12)	-	-	170,868	-
- other receivables (Note 12)	-	599,606	-	-
Loss on disposal of property, plant and equipment	-	2,470,046	-	-
Loss on foreign exchange:				
- realised	693,341	2,503,227	-	-
- unrealised	71,492	8,793,229	-	-
Rental expense on:				
- jetty	-	1,200	-	-
- land and premises	-	102,150	-	-
- motor vehicle	-	940	-	-
- plant and machineries	-	196,845	-	-
- office	-	16,691	-	-
- tools and equipment	-	17,580	-	-
Write off of:				
- amounts owing by related parties	-	105	-	-
- amounts owing by subsidiaries	-	-	-	1,659,135
- property, plant and equipment	631,614	1,129,419	-	-
- trade and other receivables	-	2,937,072	-	-

Notes to the Financial Statements
(continued)

30. TAXATION

	Group		Company	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Current income tax				
- Malaysian income tax	32,788	1,003,552	-	904,737
- Foreign income tax	(106)	444	-	-
Real property gains tax	124,802	1,425,953	-	-
(Over)/Under provision in prior years	(372,372)	128,022	(293,990)	(13,191)
	(214,888)	2,557,971	(293,990)	891,546
Deferred tax (Note 9(a)):				
- Origination and reversal of temporary differences	(7,106,340)	(12,929,084)	(404,488)	(4,543,257)
- Under provision in prior years	3,137,356	(483,373)	-	-
	(3,968,984)	(13,412,457)	(404,488)	(4,543,257)
Taxation recognised in profit or loss	(4,183,872)	(10,854,486)	(698,478)	(3,651,711)

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

(c) Numerical reconciliation between the taxation and the product of accounting loss multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Loss before taxation	(73,814,063)	(64,110,107)	(14,784,501)	(4,833,240)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(17,715,374)	(15,386,425)	(3,548,280)	(1,159,978)
Tax effects in respect of:				
Non-allowable expenses	5,229,521	1,556,053	3,581,851	2,569,626
Non-taxable income	(1,076,919)	(5,573,842)	(438,059)	(5,048,168)
Real property gains tax	124,802	1,425,953	-	-
Deferred tax assets not recognised	1,243,565	1,404,966	-	-
Difference in foreign tax rates and exemptions	5,282,955	6,945,184	-	-
Utilisation of previously unrecognised deferred tax asset	(37,406)	(871,024)	-	-
	(6,948,856)	(10,499,135)	(404,488)	(3,638,520)
(Over)/Under-provision in prior years				
- current tax expense	(372,372)	128,022	(293,990)	(13,191)
- deferred tax expense	3,137,356	(483,373)	-	-
Tax income	(4,183,872)	(10,854,486)	(698,478)	(3,651,711)

Notes to the Financial Statements
(continued)

30. TAXATION (continued)

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
Group			
Items that may be reclassified subsequently to profit or loss			
2020			
Foreign currency translations	(1,114,370)	-	(1,114,370)
2019			
Foreign currency translations	1,483,159	-	1,483,159

31. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year/period.

	Group	
	1.1.2020 to 31.12.2020	**1.7.2018 to 31.12.2019**
Loss attributable to owners of the parent	(67,766,936)	(47,486,432)
Weighted average number of ordinary shares in issue	849,087,100	842,092,564[1]

(1) *Based on the treasury shares held as at 31 December 2019 and issuance of private placement in the previous financial period of 12,715,400 and 30,000,000 respectively, which translate to the effect of weighted average number of ordinary shares of 7,284,600 shares.*

	Group	
	1.1.2020 to 31.12.2020 sen	**1.7.2018 to 31.12.2019 sen**
Basic loss per ordinary share	(7.98)	(5.64)

Notes to the Financial Statements
(continued)

31. LOSS PER ORDINARY SHARE (continued)

(b) Diluted loss per ordinary share

Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year/period adjusted for the effects of dilutive potential ordinary shares.

	Group	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Loss attributable to owners of the parent	(67,766,936)	(47,486,432)
Weighted average number of ordinary shares in issue applicable to basic loss per ordinary share	849,087,100	842,092,564
- Redeemable Convertible Secured Bonds	-	-[(2)]
- Share Issuance Schemes	-[(2)]	-[(2)]
Adjusted weighted average number of ordinary shares applicable to diluted loss per ordinary share	849,087,100	842,092,564
Diluted loss per ordinary share	(7.98)	(5.64)

[(2)] *The RCSB and Share Issuance Schemes that could potentially dilute the earnings per ordinary shares were not included in the calculation of diluted earnings per ordinary shares as it would have an anti-dilution effect thereon.*

32. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM	1.1.2020 to 31.12.2020 RM	1.7.2018 to 31.12.2019 RM
Directors of the Company:				
Executive:				
Fees	-	540,333	-	-
Salaries	3,994,065	6,930,000	-	-
Other emoluments	883,188	1,433,115	143,427	139,530
Share options granted under Share Issuance Scheme	-	55,293	-	-
	4,877,253	8,958,741	143,427	139,530
Non-Executive:				
Fees	413,400	705,000	413,400	705,000
Other emoluments	24,000	27,000	24,000	27,000
	437,400	732,000	437,400	732,000
Total Director's remuneration	5,314,653	9,690,741	580,827	871,530

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM101,450 (1.7.2018-31.12.2019: RM232,321) and RM Nil (1.7.2018-31.12.2019: RM5,313) respectively.

Notes to the Financial Statements
(continued)

33. EMPLOYEE BENEFITS

	Group		Company	
	1.1.2020 to 31.12.2020 RM	**1.7.2018 to 31.12.2019 RM**	**1.1.2020 to 31.12.2020 RM**	**1.7.2018 to 31.12.2019 RM**
Wages, salaries and bonuses	9,948,134	17,835,057	-	-
Contribution to defined contribution plan	1,298,884	2,253,939	-	-
Share options vested/granted under Share Issuance Scheme				
- Director	-	55,293	-	-
- Other employees	-	500,234	-	-
Other benefits	411,561	748,741	183,147	226,556
	11,658,579	21,393,264	183,147	226,556
Capitalised in contract assets and land reclamation work in progress				
Salaries, wages, bonuses and allowances	259,133	2,482,947	-	-
Contribution to defined contribution plan	32,175	179,815	-	-
Other benefits	4,123	20,647	-	-
	295,431	2,683,409	-	-
	11,954,010	24,076,673	183,147	226,556

Compensation of key management personnel

Remuneration of Directors and other key management personnel (including a resigned Director) during the financial year/period are as follows:

	Group		Company	
	1.1.2020 to 31.12.2020 RM	**1.7.2018 to 31.12.2019 RM**	**1.1.2020 to 31.12.2020 RM**	**1.7.2018 to 31.12.2019 RM**
Directors' fees	413,400	1,245,333	413,400	705,000
Salaries and other short term employee benefits:				
Directors	4,901,253	8,445,408	167,427	166,530
Other key management personnel	1,137,148	2,247,374	-	-
	6,038,401	10,692,782	167,427	166,530

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding companies. The Group also has related party relationship with the entities in which a Director has substantial financial interest.

Notes to the Financial Statements
(continued)

34. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	1.1.2020 to 31.12.2020 RM	**1.7.2018 to 31.12.2019 RM**	**1.1.2020 to 31.12.2020 RM**	**1.7.2018 to 31.12.2019 RM**
With related parties in which a Director has substantial financial interests:				
Contract works derived from:				
- Oceanfront Land Sdn. Bhd. - Oceanic Sdn. Bhd. - Oceanview Property Sdn. Bhd. - Atlantic Property Sdn. Bhd.	60,637	(1,624,271)	-	-
- Sentosacove Sdn. Bhd.	138,341	314,515	-	-
With a Director				
Disposal of leasehold building	-	2,050,200	-	-
Rental expense	103,200	86,000	-	-
Disposal of motor vehicle	105,000	-	-	-
With a subsidiary				
Interest income receivable from BSB	-	-	15,648,412	20,504,098

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

(c) Compensation of key management personnel

The remuneration of the Directors and other members of key management are disclosed in Note 33 to the financial statements.

35. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial period.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020 and the financial period from 1 July 2018 to 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient cash flows to repay its liabilities as and when they fall due. The net debts include RCSB, borrowings, lease liabilities owing to financial institutions, trade and other payables, less cash and bank balances and short term funds.

Notes to the Financial Statements
(continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
RCSB	-	51,656,577	-	51,656,577
Borrowings	93,515,402	43,379,772	54,700,000	-
Lease liabilities owing to financial institutions	580,065	-	-	-
Trade and other payables	131,575,003	143,114,527	2,934,857	1,554,855
Financial debts	225,670,470	238,150,876	57,634,857	53,211,432
Less:				
Short term funds	(152,178)	(148,611)	-	-
Cash and bank balances	(25,125,055)	(29,923,791)	(5,421)	(5,555,721)
Net debts	200,393,237	208,078,474	57,629,436	47,655,711
Total equity	483,215,000	552,115,615	382,553,289	396,639,312
Net debts	200,393,237	208,078,474	57,629,436	47,655,711
Total equity plus net debts	683,608,237	760,194,089	440,182,725	444,295,023
Gearing ratio (%)	29.31	27.37	13.09	10.73

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equals to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2020.

(b) Financial risk management

The financial risk management objective of the Group and of the Company is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the business of the Group. The overall business strategies of the Group outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of the counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of 14 days, extending up to one (1) month for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk analysis has been disclosed in Note 12 to the financial statements.

Notes to the Financial Statements
(continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below (continued):

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

During the current financial year ended 31 December 2020, the Group was in an overall cash and cash equivalent deficit position. The Group has prepared the cash flows forecast for the next twelve months from the date of the end of the financial year based on their past performance after considering the current economic conditions subsequent to the end of the reporting period as disclosed in Note 37 to the financial statements.

Based on the cash flows forecast, the Directors are confident that the Group and the Company are able to generate sufficient cash flows for the next twelve months from 31 December 2020 to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business.

The Group's liquidity performance and cash flows forecast take into account net cash inflows of approximately RM8,900,000 associated with the continuation of a reclamation project by the last quarter of the 2021 financial year previously awarded to the Group with contract value amounting to RM69,000,000, unused banking facilities of approximately RM27,400,000 and collection from trade debtors of approximately RM25,800,000. The Group also expects to generate cash flows from normal operating activities including the realisation of their existing inventories as disclosed in Note 10 to the financial statements. The Company's liquidity performance and cash flows forecast take into account funds to be received from key operating subsidiaries.

(iii) Interest rate risk

The exposure of the Group to interest rate risk arises primarily from the borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in the Federal Territory of Labuan, Malaysia and Republic of Singapore have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

It is not the policy of the Group to enter into foreign exchange forward contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as the Group primarily operates in the domestic sector with transactions to be denominated in the functional currency where possible.

Notes to the Financial Statements
(continued)

36. MATERIAL LITIGATION

On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. ("SSB").

SSB is alleging that BSB had breached its contractual and implied duties under an agreement ("Reclamation Agreement") which was entered into between BSB and SSB on 10 September 2010. Under the Reclamation Agreement, BSB was appointed as a contractor to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka. SSB is claiming for, inter alia, a Declaration that BSB had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

The Group rigorously contested the alleged claims and is of the view that the SSB's claims are without merit and had filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur on 15 May 2015 against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye.

On 20 October 2018, the Group received a decision of the High Court in favour of the Group against SSB. As at date of this report, the Group has yet to receive written grounds of judgement from the High Court.

SSB filed a notice of appeal on 26 November 2018 and 22 April 2019 against the High Court's decision in dismissing its claims substantially. As at date of this report, there is no hearing date fixed for the appeals.

On 16 November 2020, the Group announced that BSB has been served with two (2) demand letters dated 2 November 2020 ("1st Letter") and 10 November 2020 ("2nd Letter") from SSB.

BSB has denied all the allegations stated in the 1st Letter and 2nd Letter through its solicitor on 12 November 2020.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claim is necessary.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO based on severity of the pandemic.

The financial reporting impact of the COVID-19 pandemic could be significant to the Group due to:

(a) Reduced consumer demand for goods and services of the Group owing to lost income and/or restrictions on consumers' ability to move freely; and

(b) Lack of investment in capital improvements and construction, thus reducing demand for goods and services of the Group.

The extent of the financial impact on the Group and the Company is difficult to assess at the authorisation of the financial statements due to the uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group and the Company have sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group and the Company do not anticipate significant supply disruptions and would continue monitoring its funding and liquidity to meet operational needs.

Notes to the Financial Statements
(continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

38.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standard, Amendments and IC Interpretation of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020 (early adopt)
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020

Adoption of the above Standard, Amendments and IC Interpretation did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 described in the following sections.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2020. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2020. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2020 were between 2.65% to 6.05%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

Notes to the Financial Statements
(continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

38.1 New MFRSs adopted during the financial year (continued)

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2020;
(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 and do not contain a purchase option as short-term leases;
(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 31 December 2019 RM	Impact RM	As at 1 January 2020 RM
Group				
Property, plant and equipment		103,420,473	(12,558,346)	90,862,127
Inventories		627,562,032	380,026	627,942,058
Contract assets		51,033,545	557	51,034,102
Right-of-use assets	(a)	-	22,349,307	22,349,307
Borrowings		(43,379,772)	3,685,690	(39,694,082)
Lease liabilities	(b)	-	(13,876,024)	(13,876,024)
Retained earnings		(275,229,475)	18,790	(275,210,685)

(a) For leases previously classified as operating leases, the Group measured the right-of-use asset, on a lease-by-lease basis, at its carrying amount as if the MFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

(b) Lease liabilities are measured as follows:

	Group 2020 RM
Operating lease commitments at 31 December 2019 as disclosed under MFRS 117	323,924
Weighted average incremental borrowing rate as at 1 January 2020	6.05%
Discounted operating lease commitments as at 1 January 2020	305,445
Finance lease liabilities recognised as at 31 December 2019	3,685,690
Recognition exemption for leases with less than 12 months of lease term at transition	(12,447)
Extension options reasonably certain to be exercised	6,104,700
Contracts reassessed as lease contracts	3,792,636
Lease liabilities recognised at 1 January 2020	13,876,024

Notes to the Financial Statements
(continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

38.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standard and Amendments of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for future financial years.

39. FINANCIAL REPORTING UPDATES

39.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

39.2 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

(i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
(ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

GROUP PROPERTIES
AS AT 31 DEC 2020

A. Summary of Land Held for Sale

No.	Lot No. / PT No.	PN No. / HS(D) No.	Description	Land Area (acres)	Existing usage	Tenure / Expired date	NBV as at 31/12/2020 (RM)	Date of acquisition (based on title date)
1	Lot 12039 - 12040 (formerly PT 510-511	PN 53825 - 53826 (formerly HS(D) 70801 - 70802)	Pekan Klebang Sek. II, Melaka Tengah, Melaka.	10.38	Vacant land / Commercial	Leasehold & expiring on 24/04/2111	9,582,341	25/04/2012
2	PT 194 (formerly PT 552)	HS(D) 84461 (formerly HS(D) 75533)	Pekan Klebang Sek. II, Melaka Tengah, Melaka.	16.83	Vacant land / Commercial	Leasehold & Expiring on 29/07/2112	19,773,248	30/07/2013
3	Lot 12102-12104 (formerly PT 560- 562)	PN 65038, 65041 - 65042 (formerly HS(D) 75678 - 75680)	Kawasan Bandar XLV, Melaka Tengah, Melaka.	34.35	Vacant land / Commercial	Leasehold & expiring on 02/10/2112	37,387,042	03/10/2013
4	PT 150 - 155	HS(D) 80967 - 80972	Pekan Klebang Sek. III, Melaka Tengah, Melaka	29.37	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	23,984,110	21/04/2016
5	Lot 12167 (formerly PT 159)	PN 65671 (formerly HS(D) 80992)	Kawasan Bandar XLV, Melaka Tengah, Melaka.	5.21	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	5,600,021	21/04/2016
6	Lot 12176 (formerly PT 168)	PN 65682 (formerly HS(D) 81001)	Kawasan Bandar XLV, Melaka Tengah, Melaka.	5.36	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	5,748,109	21/04/2016
7	Lot 12179 (formerly PT 176)	PN65665 (formerly HS(D) 80982)	Kawasan Bandar XLV, Melaka Tengah, Melaka.	7.22	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	7,742,852	21/04/2016
8	PT 177	HS(D) 80983	Pekan Klebang Sek. III, Melaka Tengah, Melaka	6.19	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	6,637,406	21/04/2016
			Total	**114.91**			**116,455,129**	

B. Information on land & building

No.	PT No.	Lot No.	Location	Built up area (sq. ft)	Description Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2020 (RM)	Date of acquisition / SPA
1	PT 16050	HS(D) 102236	No. 36, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor	9,601	3 Storey semi-detached factory	Freehold	4,326,075	22/07/2011
2	PT 001790	HS(D) 0070078	No. 2, Jalan KL 3/9, Taman Kota Laksamana, Sek. 3, 75200 Melaka.	6,088	3 storey shop office (Melaka site office)	Leasehold & expiring on 29/05/2110	1,262,061	01/06/2011

Group Properties
As at 31 Dec 2020 (continued)

B. Information on land & building (continued)

No.	PT No.	Lot No.	Location	Built up area (sq. ft)	Description Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2020 (RM)	Date of acquisition / SPA
3	PT 16149	HS(D) 102335	No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor.	21,797	Semi-detached double storey factory (Headquarter of the Group)	Freehold	18,627,031	18/03/2016
4	PTD 216346	HS(D) 520590	A-62-02 Menara A, The Astaka, Astaka Boulevard, 1 Bukit Senyum, Jalan Tebrau, 80200 Johor Bahru, Johor	2,659	Service Apartment (Vacant)	Freehold	3,207,176	10/08/2015
						Total (RM)	**27,422,343**	

C. Information on Properties Held For Sale

No.	PT No.	Block No.	Location	Built up area (sq. ft)	Description Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2020 (RM)	Date of acquisition / SPA
1	LOT 19479	C-6	Cheng Business Park, Melaka Tengah, Melaka.	1,248	1 1/2 storey shop office (Vacant)	Leasehold & expiring on 03/10/2096	356,895	27/03/2015
2	PT 21608	C-3	Kompleks Perniagaan Musai Bistari, Melaka.	7,758	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,959,863	27/03/2015
3	PT 21608	C-4	Kompleks Perniagaan Musai Bistari, Melaka.	7,654	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,957,273	27/03/2015
4	PT 21608	C-5	Kompleks Perniagaan Musai Bistari, Melaka.	7,550	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,956,956	27/03/2015
5	PT 21608	C-6	Kompleks Perniagaan Musai Bistari, Melaka.	7,446	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,956,783	27/03/2015
6	PT 21608	C-7	Kompleks Perniagaan Musai Bistari, Melaka.	7,345	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,956,545	27/03/2015
7	LOT 9174	C-1	Gangsa Avenue, Daerah Alor Gajah, Melaka.	4,370	2 storey shop office (Vacant)	Freehold	716,957	03/06/2015
						Total (RM)	**10,861,272**	

STATISTICS OF SHAREHOLDINGS
AS AT 2 APRIL 2021

Number of Issued Shares	:	861,802,500
Adjusted Number of Issued Shares	:	849,087,100 (exclude 12,715,400 treasury shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share held in the case of a poll and one vote per person on a show of hands

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	28	0.290	499	0.000
100 to 1,000	458	4.751	349,405	0.041
1,001 to 10,000	4,470	46.369	27,475,871	3.235
10,001 to 100,000	3,893	40.383	142,261,227	16.754
100,001 to 42,454,354*	790	8.195	344,219,698	40.539
42,454,355 and above**	1	0.010	334,780,400	39.428
Total	**9,640**	**100.000**	**849,087,100+**	**100.000**

Notes:
+ Adjusted Number of Issued Shares.
* Less than 5% of the Adjusted Number of Issued Shares.
** 5% and above of the Adjusted Number of Issued Shares.

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%^	No. of Shares	%^
Oceancove Sdn Bhd	334,780,400	39.428	-	-
Dato' Leaw Seng Hai	444,100	0.052	334,780,400(1)	39.428
Datuk Leaw Ah Chye	1,000	0.000	334,780,400(1)	39.428
Oceanview Cove Sdn Bhd	-	-	334,780,400(2)	39.428

Notes:
^ The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.
(1) Deemed interst by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").
(2) Deemed interest by virtue of its interest in Oceancove Sdn Bhd pursuant to Section 8(4) of the Act.

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%^	No. of Shares	%^
Wong Yoke Nyen	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.052	334,780,400(1)	39.428
Koo Hoong Kwan	270,000	0.031	-	-
Fazrin Azwar bin Md Nor	-	-	-	-
Leaw Ai Lin	-	-	-	-

Notes:
^ The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.
(1) Deemed interest by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

Statistics of Shareholdings
As at 2 April 2021
(continued)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	Oceancove Sdn Bhd	334,780,400	39.428
2.	Daing A Malek bin Daing A Rahaman	20,000,000	2.355
3.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for TNTT Realty Sdn Bhd)	12,116,700	1.427
4.	Tiong Nam Logistics Holdings Berhad	12,050,000	1.419
5.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Yoong Nyock)	11,746,000	1.383
6.	Citibank Nominees (Asing) Sdn Bhd (Exempt an for OCBC Securits Private Limited (Client A/C-NR))	9,967,000	1.173
7.	AllianceGrioup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Yoong Nyock (8039533))	5,201,500	0.612
8.	Lim Siu Luan	5,000,000	0.588
9.	RHB Nominees (Tempatan) Sdn Bhd (Pledge securities account for Cheang Fook Sam)	3,200,000	0.376
10.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chan Foong Cheng (Tmn Cheras- CL))	3,059,000	0.360
11.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged securities account for Wendy Lee Yoke Peng (CEB))	2,918,000	0.343
12.	Public Nominees (Tempatan) Sdn Bhd (Pledged securities account for Loh Yoon Meng @ Loh Yoon Min (E-IMO))	2,689,800	0.316
13.	Tay Tiong Yuan	2,506,200	0.295
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Bakat Impian Sdn Bhd (8124505))	2,480,000	0.292
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Mohammed Amin bin Mahmud (MM1004))	2,369,300	0.279
16.	Wong Chee Thong	2,250,000	0.264
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chan Kai Lum)	2,228,000	0.262
18.	Public Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Jit Soon (E-KLC))	2,164,100	0.254
19.	HLB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Yoong Nyock)	2,001,400	0.235
20.	Ong Sock Keng	2,000,000	0.235
21.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ang Mei Yu (002))	1,900,000	0.223
22.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chau Pak See)	1,900,000	0.223
23.	Beh Sui Loon	1,841,000	0.216
24.	Chow Hang Fatt	1,800,000	0.211
25.	Kenanga Nominees (Tempatan) Sdn Bhd (Rakuten Trade Sdn Bhd for Loh Yuen Kok)	1,800,000	0.211
26.	Loh Yuen Kok	1,800,000	0.211
27.	Maybank Nominees (Tempatan) Sdn Bhd (Lee Choon Phooi)	1,799,300	0.211
28.	Ng Lian Cheng	1,780,000	0.209
29.	Esplanade Land Sdn Bhd	1,727,100	0.203
30.	Loo Kian Kwong	1,702,800	0.200

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING ("15TH AGM") OF BENALEC HOLDINGS BERHAD ("BENALEC" OR "COMPANY") WILL BE CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM), NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 18 MAY 2021 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year 31 December 2020 and the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes to the Agenda**

2. To approve the payment of Directors' fees of RM413,400 to the Non-Executive Directors for the financial year ended 31 December 2020. **Ordinary Resolution 1**

3. To approve the payment of the Directors' benefits of up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 19 May 2021 until the next Annual General Meeting. **Ordinary Resolution 2**

4. To re-elect Mr Wong Yoke Nyen, a Director who is retiring by rotation pursuant to Clause 76 of the Company's Constitution and being eligible, has offered himself for re-election. **Ordinary Resolution 3**

5. To re-elect En. Fazrin Azwar Bin Md. Nor, a Director who is retiring by rotation pursuant to Clause 76 of the Company's Constitution and being eligible, has offered himself for re-election. **Ordinary Resolution 4**

6. To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

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

7. **Proposed Continuation in Office as Independent Non-Executive Directors**

    7.1 "THAT subject to the passing of the Ordinary Resolution 3, approval be and is hereby given to Mr Wong Yoke Nyen, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

    7.2 "THAT approval be and is hereby given to Mr Koo Hoong Kwan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

8. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 8**

    "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirement") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of the issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

Notice of the Fifteenth Annual General Meeting
(continued)

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

AND THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

AND THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate").

AND THAT the Directors of the Company be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

AND THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.

9. **Proposed Renewal of Authority for Share Buy-Back** **Ordinary Resolution 9**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

("Proposed Share Buy-Back")

Notice of the Fifteenth Annual General Meeting
(continued)

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting.

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

10. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board of
BENALEC HOLDINGS BERHAD

WONG WAI FOONG (MAICSA 7001358)(SSM PC No. 202008001472)
LIM WEI LEE (MAICSA 7064249)(SSM PC No. 202008004038)
Company Secretaries
Kuala Lumpur

Date: 16 April 2021

Notice of the Fifteenth Annual General Meeting
(continued)

NOTES:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders will not be allowed to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the date of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Details for the AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 10 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

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

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the AGM.

9. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   - *In hard copy form*

     In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ***OR*** *alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*

   - *By electronic means via Tricor System, TIIH Online*

     The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Administrative Details of the 15th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is **Sunday, 16 May 2021 at 10.00 a.m**.

Notice of the Fifteenth Annual General Meeting
(continued)

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    The certificate of appointment of authorised representative should be executed in the following manner:

    a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        i. at least two (2) authorised officers, of whom one shall be a director; or

        ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

15. Shareholders are advised to check the Company's website at www.benalec.com.my and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

EXPLANATORY NOTES:

1. Audited Financial Statements for year ended 31 December 2020

   The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016 ("the Act"). Hence, this Agenda item is not put forward for voting by shareholders of the Company.

2. Ordinary Resolution 1

   Directors' fees for the financial year ended 31 December 2020

   The proposed Ordinary Resolution 1 on the payment of Directors' fees of RM413,400 to Non-Executive Directors' fees in respect of the financial year ended 31 December 2020 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors' fees on current financial year basis.

   In the event the Directors' fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Ordinary Resolution 2

   Directors' benefits for the period from 19 May 2021 until the next Annual General Meeting

   Pursuant to Section 230(1) of the Act, any fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The Proposed Ordinary Resolution 2 on the payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 19 May 2021 until the next Annual General Meeting of the Company. The Company is seeking shareholders' approval on the benefits/emoluments payable to the Non-Executive Directors as set out below, as and when incurred:

Description	Chairman (per meeting)	Members (per meeting)
Meeting Allowances	RM1,000	RM500
Other Benefits	• Medical and insurance coverage	
	• Other claimable benefits	

   In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Notice of the Fifteenth Annual General Meeting
(continued)

4. Ordinary Resolutions 3 and 4

   Re-election of Directors

   Mr Wong Yoke Nyen and En. Fazrin Azwar Bin Md. Nor are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 15th AGM. The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

5. Ordinary Resolutions 5

   Re-appointment of Auditors

   The Board has through the Audit Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 15th AGM are disclosed in the Audit Committee Report of the 2020 Annual Report.

6. Ordinary Resolutions 6 and 7

   Proposed Continuation in Office as Independent Non-Executive Directors

   (i) Ordinary Resolution 6 – Proposal for Mr Wong Yoke Nyen ("Mr Wong") to continue in office as Independent Non-Executive Director

   The Board of Directors ("Board") had via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Wong and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications: -

   (a) He was appointed on 5 October 2010 as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Evaluation Committee and the Board;

   (b) His vast experiences and exposure in the areas of auditing, accountancy, management consultancy and corporate finance work would enable him to contribute effectively to the Board;

   (c) He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and

   (d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.

   His profile is on page 10 of the Annual Report 2020.

   (ii) Ordinary Resolution 7 – Proposal for Mr Koo Hoong Kwan ("Mr Koo") to continue in office as Independent Non-Executive Director

   The Board had via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Koo and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-

   (a) He was appointed on 5 October 2010 as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Evaluation Committee and the Board;

   (b) His experience as a consultant in wide-ranging business and financial advisory services would enable him to contribute effectively to the Board;

   (c) He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and

   (d) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.

   His profile is on page 12 of the Annual Report 2020.

Notice of the Fifteenth Annual General Meeting
(continued)

7. Ordinary Resolution 8

Authority to issue shares pursuant to Sections 75 and 76 of the Act

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as follows:-

(a) Amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak, this 20% General Mandate provide the Company flexibility to raise funds quickly and efficiently during this challenging time to meet its funding requirements for working capital, operational expenditure or a new business opportunity; and

(b) The Extended Utilisation Period provide additional relief to the Company cashflow to support the business operations in view of the tougher economic environment arose from the COVID-19 outbreak.

The purpose of this generate mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 28 September 2020 and will lapse at the conclusion of the Fifteenth AGM to be held on 18 May 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

8. Ordinary Resolution 9

Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will provide a mandate for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Circular to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 16 April 2021 for further details.

ADMINISTRATIVE DETAILS

For the 15TH Annual General Meeting ("15th AGM") of Benalec Holdings Berhad

Date & Time	:	Tuesday, 18 May 2021 at 10.00 am
Broadcast Venue	:	Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan

Precautionary Measures Against the Coronavirus Disease ("COVID-19")

- The Securities Commission Malaysia ("SC") had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures ("SOPs) issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order ("MCO"). The SC had, on 12 January 2021, issued a revised Guidance Note on the Conduct of General Meetings for Listed Issuers ("SC Guidance Note") which states that only fully virtual meetings will be allowed during MCO and Conditional MCO, subject to the requirements under the prevailing and applicable SOPs.

- In line with the Government's directive and SC Guidance Note above to curb the spread of COVID-19, the Company will conduct the 15th AGM on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") **TIIH Online** website at https://tiih.online.

- The venue of the 15th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

- We **strongly encourage** you to attend the 15th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 15th AGM.

- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 15th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 15th AGM

- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Remote Participation and Voting

- The RPV facilities are available on Tricor's **TIIH Online** website at https://tiih.online.

- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 15th AGM using RPV facilities from Tricor.

- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 15th AGM using the RPV facilities:

Before the 15th AGM Day

Procedure	Action
i. Register as a user with TIIH Online	• Using your computer, access to website at https://tiih.online. Register as a user under the "**e-Services**" select the "Sign Up" button followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

Administrative Details

For the 15TH Annual General Meeting ("15th AGM") of Benalec Holdings Berhad (continued)

Procedure	Action
ii. Submit your request to attend 15th AGM remotely	• Registration is open from Friday, 16 April 2021 until the day of 15th AGM on Tuesday, 18 May 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 15th AGM to ascertain their eligibility to participate the 15th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **(Registration) Benalec Holdings Berhad 15th AGM** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 10 May 2021, the system will send you an **e-mail after 16 May 2021 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*

On the 15th AGM Day

Procedure	Action
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the 15th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of meeting at 10.00 a.m. on Tuesday, 18 May 2021
ii. Participate through Live Streaming	• Select the corporate event: **(Live Stream Meeting) Benalec Holdings Berhad 15th AGM** to engage in the proceedings of the 15th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 15th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 10.00 a.m. on Tuesday, 18 May 2021 until a time when the Chairman announces the end of the session. • Select the corporate event: **(Remote Voting) Benalec Holdings Berhad 15th AGM** or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 15th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

(ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Administrative Details

For the 15TH Annual General Meeting ("15th AGM") of Benalec Holdings Berhad (continued)

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 10 May 2021 shall be eligible to attend, speak and vote at the 15th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the 15th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

- If you wish to participate in the 15th AGM yourself, please do not submit any Form of Proxy for the 15th AGM. You will not be allowed to participate in the 15th AGM together with a proxy appointed by you.

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 15th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Sunday, **16 May 2021 at 10.00 a.m:**

(i) In Hard copy:

a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **Benalec Holdings Berhad 15th AGM** -"**Submission of Proxy Form**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

Administrative Details

For the 15TH Annual General Meeting ("15th AGM") of Benalec Holdings Berhad (continued)

Procedure	Action
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user first in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: "**Benalec Holdings Berhad 15th AGM**: **Submission of Proxy Form**" • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "**Benalec Holdings Berhad 15th AGM**: **Submission of Proxy Form**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

Voting at Meeting

- The voting at the 15th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App").

No Breakfast / Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast / lunch packs, door gifts or food vouchers during the 15th AGM since the meeting is being conducted on a virtual basis.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the 15th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 15th AGM, shareholders may in advance, before the 15th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Sunday, 16 May 2021. The Board of Directors will endeavor to address the questions received at the 15th AGM.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

BENALEC HOLDINGS BERHAD
Registration No. 200501020529 (702653-V)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

I/We .... Tel: ....

NRIC no./Company No. ....

[Full name in block, NRIC no./Company no. and telephone number]

of ....

....

being a member/members of **BENALEC HOLDINGS BERHAD**, hereby appoint:-

Full Name (in block)	NRIC / Passport No.	Proportion of Shareholdings	
Address		**No. of Shares**	**%**

and/or (delete as appropriate)

Full Name (in block)	NRIC / Passport No.	Proportion of Shareholdings	
Address		**No. of Shares**	**%**

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the **Fifteenth Annual General Meeting ("15th AGM")** of the Company which will be conducted entirely through live streaming from the broadcast venue at **Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 18 May 2021 at 10.00 a.m**. or any adjournment thereof, and to vote as indicated below:-

NO.	ORDINARY BUSINESS	RESOLUTION	FOR	AGAINST
1.	Approval of Directors' fees of RM413,400 to the Non-Executive Directors for the financial year ended 31 December 2020	Ordinary Resolution 1		
2.	Approval of Directors' benefits up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 19 May 2021 until the next Annual General Meeting	Ordinary Resolution 2		
3.	Re-election of Mr Wong Yoke Nyen as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 3		
4.	Re-election of En. Fazrin Azwar Bin Md. Nor as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 4		
5.	Re-appointment of BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
	SPECIAL BUSINESS			
6.	Proposed continuation in office of Mr Wong Yoke Nyen as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Proposed continuation in office of Mr Koo Hoong Kwan as Independent Non-Executive Director	Ordinary Resolution 7		
8.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 8		
9.	Proposed Renewal of authority for Share Buy-Back	Ordinary Resolution 9		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy/proxies will vote or abstain as he/they may think fit.

Signed this .... day of .... , 2021.

....
Signature of Shareholder/Common Seal

* *Manner of execution:*
- *(a) If you are an individual member, please sign where indicated.*
- *(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
- *(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
  - *(i) at least two (2) authorised officers, of whom one shall be a director; or*
  - *(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

NOTES:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the date of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Details for the AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 10 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for the AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic means via Tricor System, TIIH Online

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Administrative Details of the 15th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Sunday, 16 May 2021 at 10.00 a.m**.
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    The certificate of appointment of authorised representative should be executed in the following manner:

    a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       i. at least two (2) authorised officers, of whom one shall be a director; or

       ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.
15. Shareholders are advised to check the Company's website at www.benalec.com.my and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Fold Here

Affix
stamp

The Share Registrar

BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)

c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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BENALEC HOLDINGS BERHAD
Registration No. 200501020529 (702653-V)
Listed on the Main Market of Bursa Malaysia Securities Berhad

No. 23, Jalan Perintis U1/52,
Glenmarie Temasya, Seksyen U1,
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