



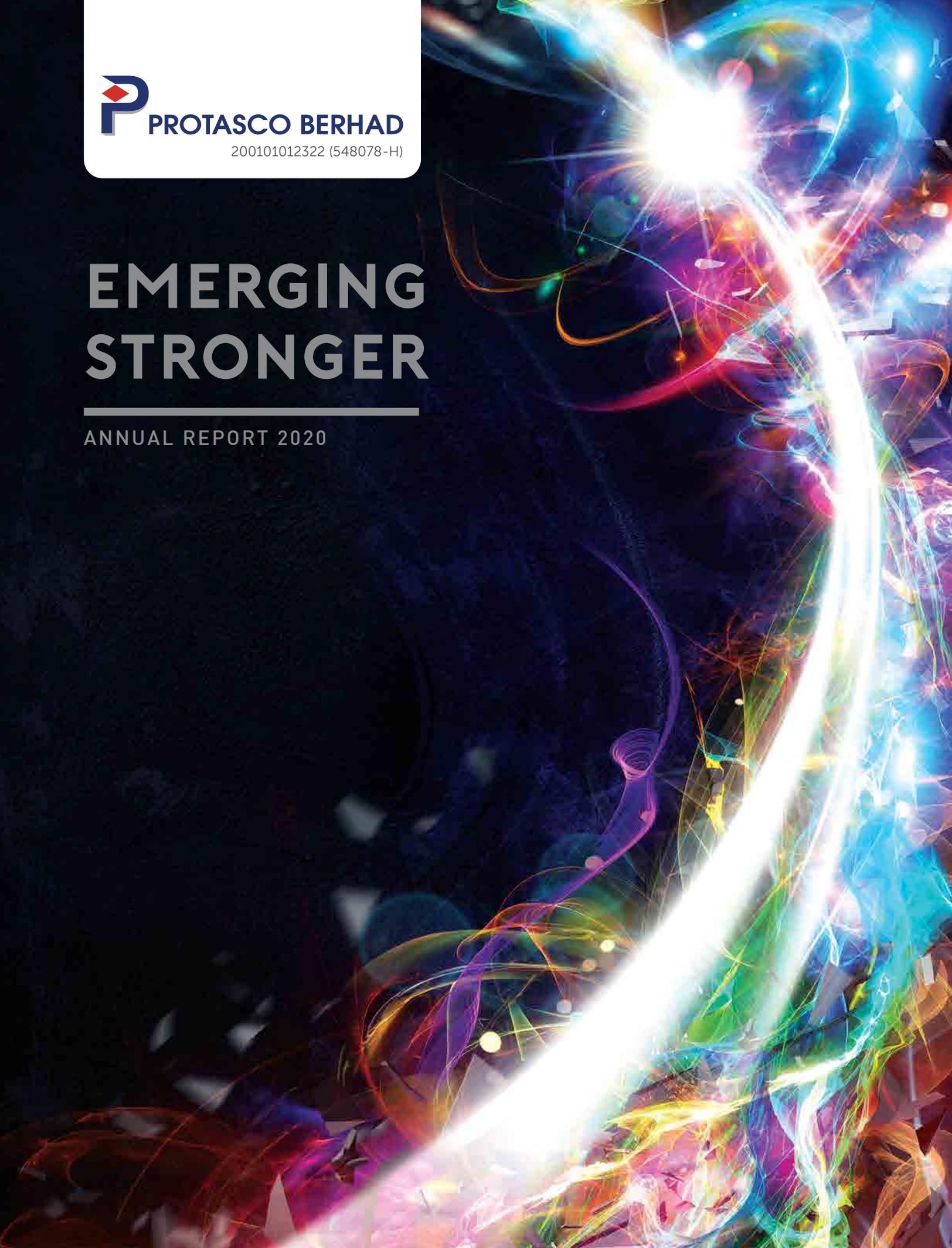
**PROTASCO BERHAD**

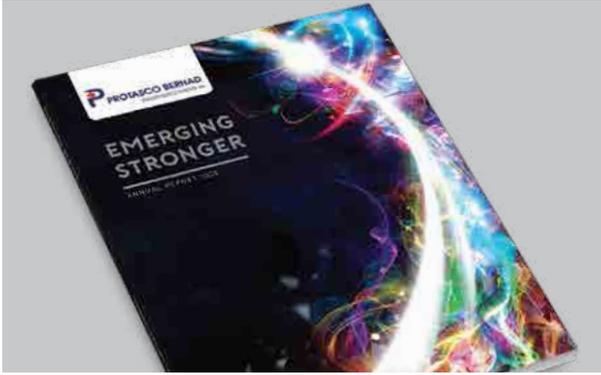
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# EMERGING STRONGER

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ANNUAL REPORT 2020





## EMERGING STRONGER

Depicting a ray of iridescent light charging through a canvas of darkness, this cover design embodies the energy, determination and dynamism of Protasco Berhad amid the challenges faced in FY2020 to emerge stronger, more stable and more mature.

Despite economic headwinds brought on by the COVID-19 global health crisis, Protasco has remained steadfast in our pursuit of prudent growth. With a dynamic leadership and a groundswell of support from our Champions, Protasco will leverage the strengths of our diversified businesses, expertise and proven track record to surge ahead to deliver profitable growth and create long-term value for our shareholders.

## DIGITAL VERSION OF ANNUAL REPORT 2020

Access the digital version of Annual Report 2020 by scanning the QR Code in 3 easy steps:



Download the "QR Code Reader" on App Store or Google Play.



Run the QR Code Reader app and point your camera to the QR Code.



Get access to the soft copy of the Annual Report.



The softcopy version of Protasco Berhad Annual Report 2020 is available on our website.

[www.protasco.com.my](http://www.protasco.com.my)



This icon indicates where more details can be accessed elsewhere in this report.



This icon indicates where more details can be accessed online.

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## CORE VALUES

### Result Oriented

- Stretch - Good to great
- Innovate
- Commitment

### Ownership

- Accountable for outcomes
- Passionate in task execution
- Take pride - I Am Protasco

### Customer Focused

- Wow them
- Create value
- Respect

### Knowledge Driven

- Knowledge sharing
- Continual education
- Career development

### Integrity

- Do the right thing
- Trustworthy
- Transparent

### Teamwork

- Robust communication
- Committed to team decisions
- Active participation



## OUR VISION

To be an internationally acclaimed conglomerate ensuring growth and delivering value for a better quality of life



## OUR MISSION

- Shareholders** To be a multi billion dollar company in terms of market capitalisation
- Process** To practise good corporate governance and operational excellence
- Customers** To exceed customer expectations
- Society** To build and support sustainable communities
- Technology** To improve efficiency and competitive advantage through innovative technologies
- Employees** To become the employer of choice for the right talents



## CORPORATE GOVERNANCE

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**1. Dato' Sri Ir Chong Ket Pen**

Executive Chairman

**2. Dato' Ir Kenny  
Chong Ther Nen**

Group Managing Director

**3. Dato' Sri Su-Azian @  
Muzaffar Syah Bin Abd  
Rahman**

Executive Director

**4. Dato' Tan Yee Boon**

Independent  
Non-Executive Director

**5. Ir Tan Heng Kui**

Non-Independent  
Non-Executive Director

**6. Suhaimi Bin Badrul Jamil**

Independent  
Non-Executive Director

**7. Tham Wei Mei**

Independent  
Non-Executive Director

**8. Celine Chan Hooi Li**

Independent  
Non-Executive Director

## COMPANY SECRETARIES

Khor Hooi Ling  
(MAICSA 7014879)

Seow Fei San  
(MAICSA 7009732)

## REGISTERED OFFICE

802, 8<sup>th</sup> Floor, Block C  
Kelana Square  
17, Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603 7803 1126  
Fax : 603 7806 1387

## PRINCIPAL OFFICES

### Corporate Office

Unipark Suria  
Jalan Ikram-Uniten  
43000 Kajang  
Selangor Darul Ehsan  
Malaysia  
Tel : 603 8738 3388  
Fax : 603 8926 4023

### Kuala Lumpur Office

87, Jalan Kampung Pandan  
55100 Kuala Lumpur  
Malaysia  
Tel : 603 9286 4050  
Fax : 603 9284 8118  
Web : [www.protasco.com.my](http://www.protasco.com.my)  
Email : [ccd@protasco.com.my](mailto:ccd@protasco.com.my)

## REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No.5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603 7890 4700  
Fax : 603 7890 4670

## PRINCIPAL BANKERS

RHB Bank Berhad  
UOB (Malaysia) Berhad  
AmBank (M) Berhad  
OCBC Bank (Malaysia) Berhad  
Alliance Bank Malaysia Berhad

## AUDITORS

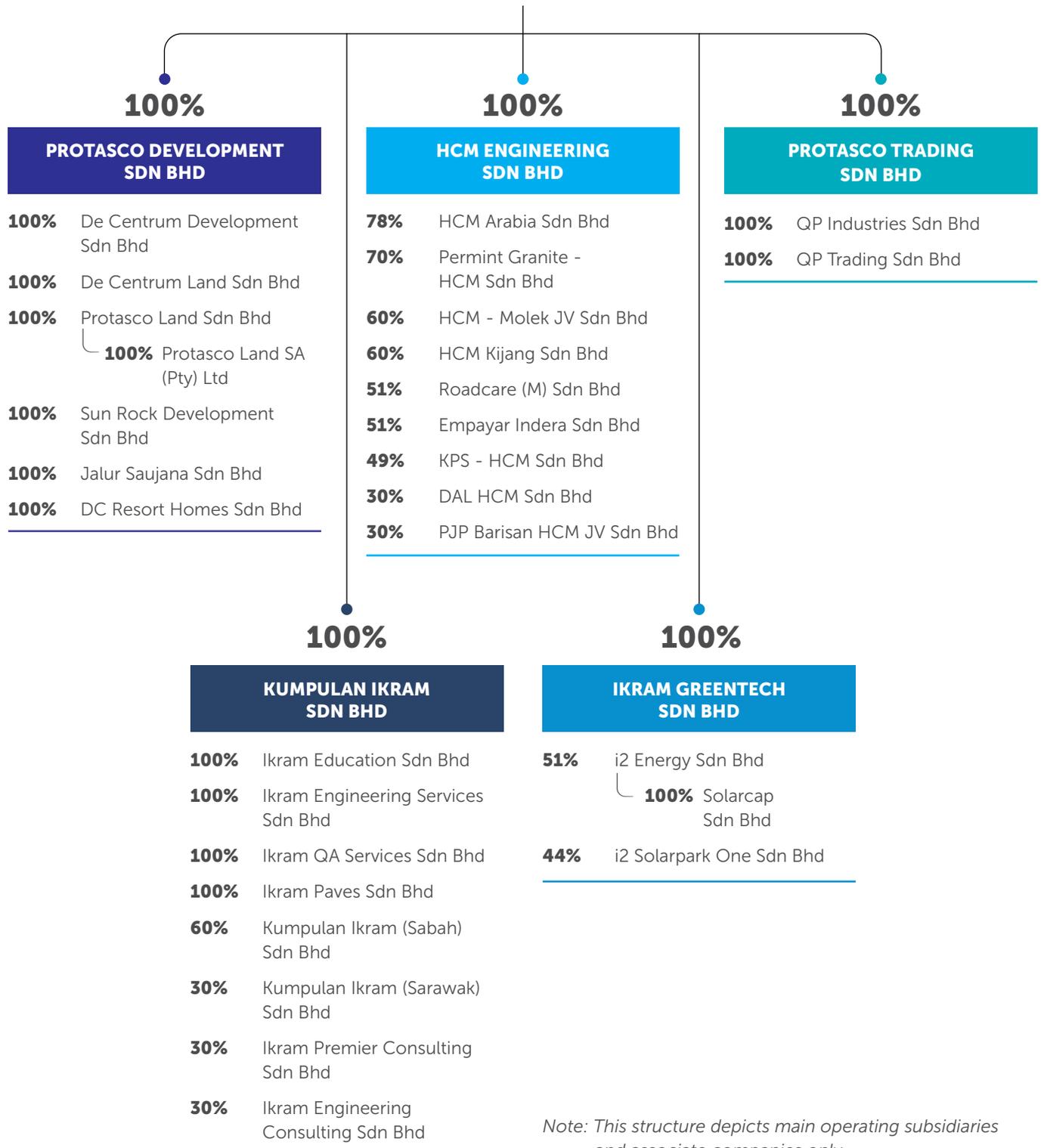
Crowe Malaysia PLT  
201906000005  
(LLP0018817-LCA) & AF 1018  
Chartered Accountants  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

## STOCK EXCHANGE LISTING

Main Board  
Bursa Malaysia Securities Berhad  
Listed Since : 8 August 2003  
Stock Name: PRTASCO  
Stock Code : 5070

CORPORATE  
STRUCTURE

200101012322 (548078-H)



## QUICK FACTS 2020

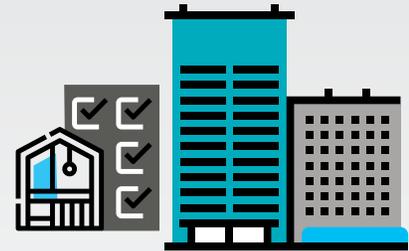


### CONSTRUCTION

Undertakes building and infrastructure works as well as construction, rehabilitation and upgrading of roads.

#### Projects

- Overhead motorcycle bridge at Jalan 222, Petaling Jaya
- Park Inn by Radisson Putrajaya
- PPAM Larai and PPAM Saderi in Putrajaya
- Unipark Apartments at De Centrum City
- Infrastructure works for the development of Pulau Indah Industrial Park
- Road connection work at Old Klang Road - New Pantai Expressway
- Asian Football Confederation Annex Building, Bukit Jalil
- Upgrading of roads:
  - 1) Utan Aji, Perlis to Changlun, Kedah
  - 2) Jalan Alor Setar - Kuala Nerang - Durian Burung, Kedah
- Rehabilitation and upgrading works for Tripoli - Garian Road Project in Libya

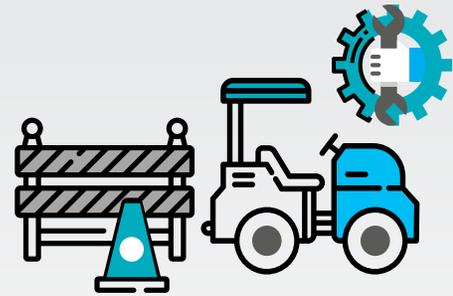


### PROPERTY DEVELOPMENT

Developing **De Centrum City**, a mixed development property project on a 100-acre land in South Kuala Lumpur.

#### Awards

- Best Mixed Development Award 2015
- Best Boutique Lifestyle Development 2016



### HOSPITALITY

Through a partnership with the Radisson Hotel Group, hospitality is Protasco Berhad's new venture.

Park Inn by Radisson Putrajaya hotel is located at South Kuala Lumpur and provides easy accessibility to Kuala Lumpur and Putrajaya cities.



### MAINTENANCE

Provides total road maintenance solutions. Currently maintains **8,014 km** of federal roads & **20,343 km** of state & rural roads awarded through 2 federal road maintenance agreements and 5 long term contracts, lasting through 2029.

Also promotes the use of sustainable technology through in-situ recycling technology such as the Cold In Place Recycling.

Quick Facts  
2020

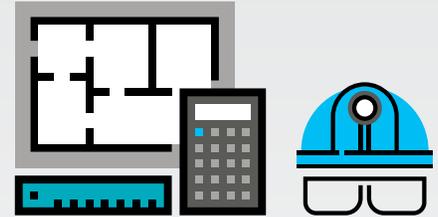
## EDUCATION



Established as a college more than **20 years ago**, **Infrastructure University Kuala Lumpur (IUKL)** became a full-fledged university in 2012. It currently offers an extensive range of academic programmes from arts to sciences, from foundation to PhD levels.

IUKL has students from almost 50 countries.

## ENGINEERING &amp; CONSULTANCY SERVICES



Specialises in Geotechnical, Structural & Pavement Engineering; Forensic Engineering Services on Slopes and Slope Related Structures; and Management & Certification.

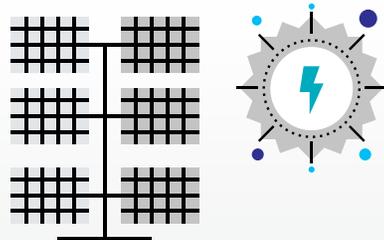
Has agreements for:

- i. Engineering Services & Capacity Business Building with Dewan Bandaraya Kuala Lumpur (DBKL)
- ii. Engineering Services & Capacity Building with Tenaga National (TNB)

Projects include:

- Geotechnical engineering consultancy and supervision on slope rehabilitation at Bukit Nanas, Kuala Lumpur
- Structural forensic and failure investigation of steel roof collapse at Stadium Sultan Mizan Zainal Abidin, Kuala Terengganu

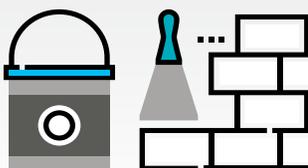
## CLEAN ENERGY



Protasco Berhad has a Clean Energy Division offering world class Engineering, Procurement & Construction (EPC) expertise.

- Developing a 6.8MWac large scale solar farm in Melaka
- Has a Power Purchase Agreement (PPA) with TNB for 21 years

## TRADING &amp; MANUFACTURING



- Trading and manufacturing of road and construction related materials
- Installation and commissioning of pavement related materials

## GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2016	2017	2018	2019	2020
Turnover (RM'000)	1,110,207	939,277	904,860	783,703	996,181
Operating Profit/(Loss) (RM'000)	85,045	88,363	(3,852)	39,637	40,235
Profit/(Loss) After Tax & Non-Controlling Interest (RM'000)	42,387	28,063	(48,107)	6,272	(25,233)
Earnings/(Loss) Per Share (sen)	8.60	5.67	(9.72)	1.29	(5.23)
Total Dividend Per Share (sen)	6.0	5.5	0.0	1.2	0.0
Net Assets Per Share (RM)	0.93	0.93	0.67	0.68	0.63

### Turnover (RM Million)

# 996



### EBITDA (RM Million)

# 41



### Shareholders' Equity (RM Million)

# 338



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMERGING STRONGER

**Dato' Sri Ir Chong Ket Pen**  
Executive Chairman



**Revenue**  
(RM)

**996 million**

**Profit Before Taxation**  
(RM)

**14.6 million**

**Total Asset**  
(RM)

**877 million**

This Management Discussion and Analysis ("MD&A") of Protasco Berhad ("PB", "Company", "we", "us" or "our") and its subsidiaries ("Group") provides shareholders an overview and better understanding of the Group's financial and operational performance for the financial year ended 31 December 2020. The information presented in this MD&A should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the related notes thereto. Please take note that the discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the foreseeable future.

### OUTLOOK OF THE MALAYSIAN ECONOMY

The Malaysian economy recorded slightly lower Gross Domestic Product ("GDP") growth of 4.3% in 2019 as compared to 4.7% in 2018. This was largely driven by higher private sector spending but offset by a decline in export, supply disruptions in the commodities sector and reduced private investment activities amid weaker business confidence.

In December 2019, the outbreak of coronavirus disease ("COVID-19") first occurred in Wuhan, China. COVID-19 was subsequently declared a pandemic by the World Health Organisation ("WHO") in March 2020. This declaration by WHO has prompted many countries, including Malaysia, to close its borders, lockdown, ramp up health screening cum tracing and introduce people movement control

## Management Discussion and Analysis

to curb the spread of the virus. The Malaysian Government implemented the Movement Control Order ("MCO") on 18 March 2020 and extended to various MCOs such as Conditional MCO ("CMCO"), Recovery MCO ("RMCO"), Enhanced MCO ("EMCO") and MCO 2.0 in staggered phases in different states subject to strict adherence to standard operating procedures ("SOP").

As a result of MCO 1.0, the economy registered a contraction of 17.1% in the second quarter of 2020 due to sudden drop in production and consumption activities as compared to 0.7% in the first quarter of 2020. The change in ruling coalition in February 2020 further aggravated the country's internal uncertainties in the political environment, leading to delays in major infrastructure projects and lower public sector investments.

Malaysia's economy recorded negative GDP growth of 2.6% and 3.4% for the third and fourth quarters respectively. The fourth quarter negative growth was influenced by the decline in all economic sectors except for the Manufacturing sector which registered a positive growth. In 2020, the GDP contracted 5.6% compared to a growth of 4.3% in 2019 as a result of the pandemic.

Responding to the pandemic and its negative impact on the local economy, the Malaysian government had implemented various economic stimulus initiatives such as the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and the National Economic Recovery Plan (PENJANA) to assist those severely affected by the slowing economy as a result of countermeasures taken to curb the spread of COVID-19 virus.

We are cognisant of the government's efforts which include implementations of strict SOP and movement control in containing the widespread of the virus. With the commencement of

the vaccination programme, we are confident that Malaysia will recover soon.

### GROUP FINANCIAL PERFORMANCE

The Group has been financially affected by the COVID-19 numerous containment measures. The Group incurred a loss after tax ("LAT") of RM7.0 million in financial year ("FY") 2020 as compared to a profit after tax ("PAT") of RM19.3 million in FY2019 despite recording higher revenue of RM996 million as compared to RM784 million.

Consolidated revenue increased by 27%, mainly contributed by the Maintenance and Trading segments. Despite the pandemic and containment measures, the Maintenance segment managed to complete more periodic maintenance works. This has also benefited the Trading segment being the main supplier of raw materials to the sub-contractors of the Maintenance segment.

Despite the increase in revenue, the Group profit before tax ("PBT") decreased from RM30.9 million in FY2019 to RM14.6 million in FY2020 mainly due to property development costs written off, impairments on financial assets and provision for litigation.

The Group implemented various countermeasures and business continuity plans to waver through the pandemic year. The businesses of the Group were managed with extra caution and thus limiting the losses of certain business segments.

The loss after taxation attributable to the owners of the Company was RM25.2 million in FY2020 as compared to a profit after taxation attributable to the owners of the Company of RM6.3 million in FY2019. This was due to the profits after tax which were mainly contributed by the Maintenance segment in which the Group holds less than 100% equity shareholdings.

A summary of the Group's 5-years financial performance is presented in the Group Financial Highlights.

 For more details on Group Financial Highlights, refer to page 6.

### GROUP FINANCIAL POSITION

The total assets of the Group dipped to RM193 million from RM1,070 million in FY2020 to RM877 million in FY2019 due to:

- Completion of a construction project;
- Property development costs written off; and
- Net impairment losses on financial assets.

Total liabilities as at FY2020 was RM539 million as compared to RM714 million in FY2019. The decrease of RM175 million was mainly due to repayment of short-term borrowings upon completion of a construction project.

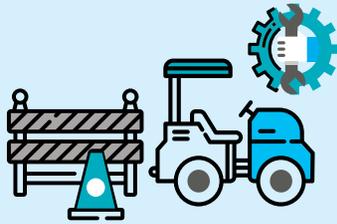
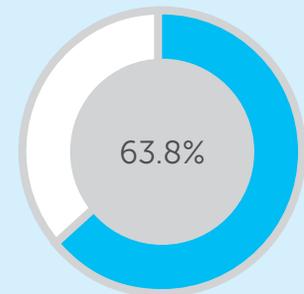
The Group's net assets per share declined from 68 sen in FY2019 to 63 sen in FY2020 and at the same time, earnings per share decreased from 1.29 sen to a loss per share of 5.23 sen. This was due to a loss after taxation attributable to the owners of the Company of RM25.2 million in FY2020.

Our cash and cash equivalents remained healthy at RM220 million as at FY2020; an increase of RM51 million which was mainly attributed to better collections from trade receivables.

The Group's net gearing ratio for FY2020 is at 0.01 times as compared to 0.58 times for FY2019. Coupled with a current ratio of 1.2 times, we remain in a healthy financial position and have access to funds as and when required.

Management  
Discussion and Analysis

## SEGMENT PERFORMANCE

**MAINTENANCE****Revenue**  
(RM million)**Contribution to Group Revenue**  
(%)

The Group's maintenance activities are currently being undertaken by the following companies through concessions and long term contracts awarded by the Federal and State Governments:

**CONCESSION – FEDERAL ROAD MAINTENANCE ("FRM")****A 10-year FRM concession of 7,263km commencing February 2016 by Roadcare (M) Sdn Bhd**

- Group's equity interest is 51%
- Routine maintenance – recurring approximately RM140 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM130 million – RM150 million per annum)
- Covering the states of Selangor, Pahang, Kelantan and Terengganu

**A 10-year FRM concession of 751km commencing September 2018 by DAL HCM Sdn Bhd**

- Group's equity interest is 30%
- Routine maintenance – recurring RM24 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM10 million – RM20 million per annum)
- Covering federal roads from Kuching to Lawas in Sarawak

**LONG TERM CONTRACTS ("LTC")**

**1** | A 7-year contract followed by a 5-year contract with an extension of another 2 years for 1,959km, State Road Maintenance for the State of Perak.

**Contract sum:** RM126.1 million for 2 years

**Date of commencement:** 1 January 2013

- Undertaken by Empayar Indera Sdn Bhd in which the Group's equity interest is 51%
- LTC expires in December 2024

## Management Discussion and Analysis



### LONG TERM CONTRACTS ("LTC")

- 2** | A 2-year contract followed by a 5-year contract with an extension of another 2 years for 13,084km, Agriculture Road Maintenance for the State of Perak.

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**Contract sum:** RM90.1 million for 2 years  
**Date of commencement:** 20 February 2017

  - Undertaken by Empayar Indera Sdn Bhd in which the Group's equity interest is 51%
  - LTC expires in February 2024
- 3** | A 5-year contract for Rural Road Maintenance for the State of Terengganu of approximately 2,500km.

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**Contract sum:** RM49.9 million for 5 years

  - Undertaken by Permint Granite-HCM Sdn Bhd in which the Group's equity interest is 70%
  - LTC expires in April 2022
- 4** | A 10-year contract for State Road Maintenance for the State of Kelantan awarded by Kijang Kuari Sdn Bhd/the State Government of Kelantan of approximately 2,000km.

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**Contract sum:** RM25.7 million for 2 years or RM129 million for 10 years (contract sum is reviewed every 2 years)

  - Undertaken by HCM Kijang Sdn Bhd in which the Group's equity interest is 60%
  - LTC expires in August 2026
- 5** | A 10-year Performance Based Contract for the Long Term Management and Maintenance of State Roads [Jalanraya Negeri (JRN)] in Sarawak, Package 3 (Mukah Division) awarded by Jabatan Kerja Raya (Public Works Department) of approximately 800km.

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**Contract sum:** RM24.6 million per year (subject to review every 3 years with a maximum increase of 7.2% per revision)

  - Undertaken by PJP Barisan HCM JV Sdn Bhd where the Group's equity interest is 30%
  - LTC expires in December 2029

### REVIEW OF OPERATIONS

Despite COVID-19 and its negative effect on the economy, our Maintenance segment managed to record strong revenue increase of 46% or RM200 million from RM435 million in FY2019 to RM635 million in FY2020. It accounts for more than 60% of the group's revenue in FY2020. The higher revenue contribution from the Maintenance segment was due to more periodic maintenance works performed and this has supported the increase in PBT of 52% from RM39.6 million in FY2019 to RM60.1 million in FY2020.

Our 30% associate companies, DAL HCM Sdn Bhd and PJP Barisan HCM JV Sdn Bhd, contributed RM3.0 million to the PAT of RM43.5 million of the Maintenance segment.

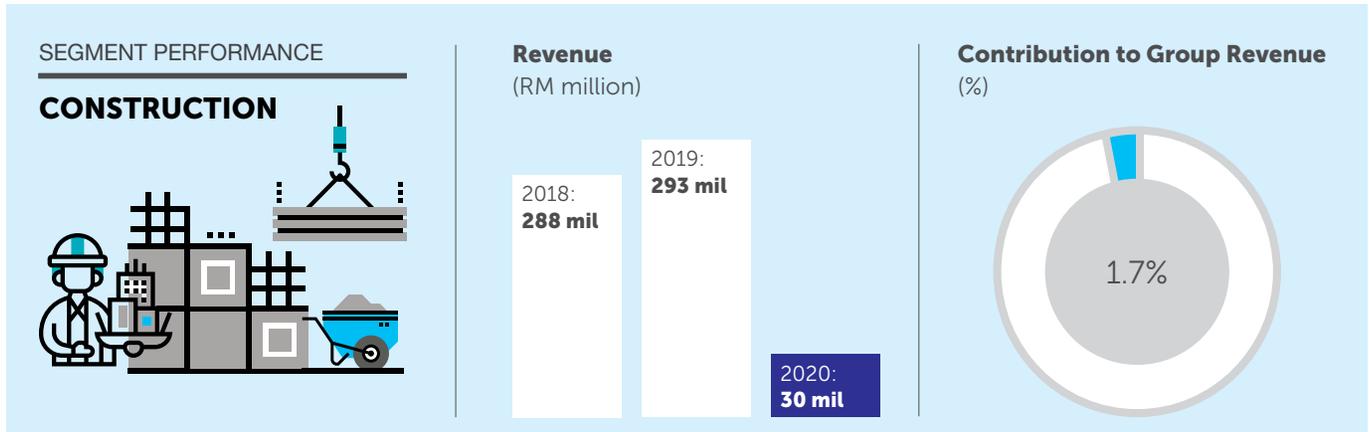
### RISKS

Our road maintenance activities are dependent on numerous factors including the Government's budget for periodic maintenance, the occurrence of events that require additional emergency maintenance and the success of our bids for new and renewal of contracts and concessions. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

### MOVING FORWARD

Our Maintenance segment is expected to continue as the primary revenue contributor to the Group in FY2021. The Group is actively pursuing other opportunities to improve the Maintenance segment results.

## Management Discussion and Analysis



The Construction segment refers to activities of project management and sub-contracting of residential or commercial properties, infrastructure works, etc based on contracts entered into with clients.

In FY2020, our Construction segment completed the Perumahan Penjawat Awam Phase 2 (“PPA”) project and Park Inn by Radisson Putrajaya (“PIRP”) hotel. Our 49% associate company, KPS-HCM Sdn Bhd, had completed the infrastructure works for the development of Pulau Indah Industrial Park Phase 3C.

On the overseas front, in Sri Lanka, HCM Engineering Sdn Bhd (“HCM”) together with its joint venture partner, Komuthi Engineering Pty Ltd had secured two (2) projects for road rehabilitation and widening valued at RM89.2 million. The projects are still on-going in FY2021.

### REVIEW OF OPERATIONS

Revenue for the Construction segment decreased from RM293 million in FY2019 to RM30 million in FY2020 due to the completion of PPA project.

This has affected the bottom line and together with the impairment on receivables, PBT has declined from RM17.6 million in FY2019 to a loss before tax (“LBT”) of RM2.6 million in FY2020.

With regards to the road construction work on the Old Klang Road – New Pantai Expressway, HCM had reached an agreement with Malaysian Resources Corporation Berhad (“MRCB”) on the finalisation of the project account. We expect to record a further gain upon the finalisation of accounts.

### RISKS

Our construction activities depended on the ability to replenish the order book due to the change in government and the general economic climate of the country. Other factors that may affect the profit contribution of our Construction segment include the cost of raw materials, labour and other related expenses. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

### MOVING FORWARD

With the completion of PPA project and PIRP hotel, the Construction segment will actively continue to pursue opportunities both locally and abroad to replenish its order book.

The construction sector remains challenging and competitive due to fewer projects in the market. Nevertheless, we are cognisant of the need to replenish our order book and will continue to bid for lucrative projects.

Our tender book has chalked RM3 billion. However, the process of awarding public infrastructure and housing projects has been slow. Nonetheless, the government is expected to roll out several packages for major roadworks and polyclinic projects, and housing amenities. We are working very hard to obtain some of these projects.

Our emphasis is on managing project costs, increasing efficiency and timely delivery to achieve better profit margins in each and every project that we secure.

## Management Discussion and Analysis



The Property Development segment refers to the full spectrum of development activities from land acquisition to handover of completed property units to buyers.

Property Investment refers to asset management activities where income is derived from rental or usage of assets.

The property development market continues to be affected by oversupply, high household debts and stringent lending policies imposed by banks.

In view of the challenging property market conditions, no new development was launched in FY2020 for De Centrum City. The launch of Tampin project was postponed from last quarter of 2020 to last quarter of 2021.

We have disposed 3 pieces of commercial land in Johor for cash realisation and expensed off property development cost in Kelantan and Pasir Gudang.

During FY2020, our Property Development segment sold 1 unit of its inventories in Block C and D of De Centrum Phase 2A.

To remain competitive, new property projects are now aligned to affordable homes where demand is still strong. We will adopt a cautious and resilient approach towards these changes in the property market.

Though the property market is expected to be sluggish, appropriate measures by the government, such as Home Ownership Campaign (HOC), revision in Real Property Gains Tax (RPGT) and cuts in Overnight Policy Rate (OPR) by Bank Negara Malaysia ("BNM") will encourage house buyers to own homes and boost the overall property market.

The Property Development segment will concentrate its efforts in improving marketing and promotional activities, operational efficiencies and excellent customer service to attract house buyers.

For Property Investment, the negative impact of COVID-19 and MCOs has affected the financial performance of the Mall and Student Residence due to many local and international students were unable to return from their hometown.

### REVIEW OF OPERATIONS

Revenue of the Property and Hospitality segment increased from RM6 million in FY2019 to RM23 million in FY2020 due mainly to the disposal of 3 pieces of commercial land in Johor valued at RM16.7 million.

LBT increased from RM2.7 million in FY2019 to RM17.6 million in FY2020. The LBT for FY2020 was attributed to the following factors:

- Property development costs written off;
- No new development launched during FY2020. The revenues generated were from the disposal of its commercial lands in Johor, sale of its current inventories, rental income from investment properties, and hotel operations;
- Low occupancy in student residence;
- Rebates for tenants of the Mall during MCO period;
- Interest costs and depreciation on investment properties; and
- Commencement of PIRP business on 1 October 2020 was affected by COVID -19 and MCOs.

## Management Discussion and Analysis

### RISKS

The performance of our Property Development segment is dependent on consumer demand for new units. Factors such as economic conditions and lending policies will have a direct impact on consumer appetite for property investment. Our property activities are also affected by general risk factors. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

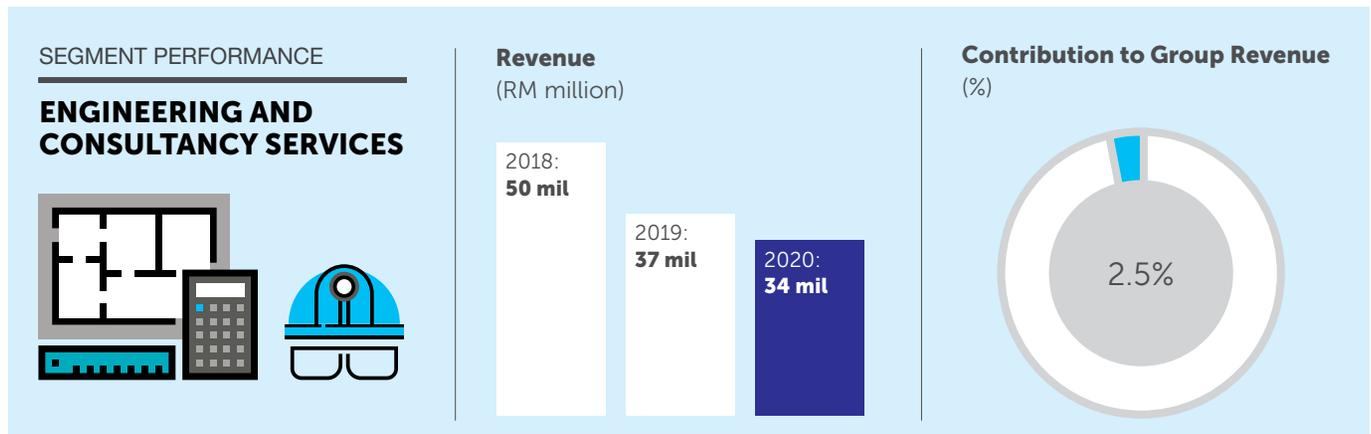
### MOVING FORWARD

BNM in its Annual Report 2020 dated 31 Mar 2021 forecasted that all economic sectors, including property, are expected to rebound in 2021; supported by strong external demand and domestic activity.

In light of the expected recovery of all economic sectors in 2021 and strong demand for affordable homes, we expect to be awarded at least one of the

ten sites under the Residensi Prihatin housing programme.

On top of the Residensi Prihatin housing programme, our Property Development segment is also planning to roll out the first phase of development under Tampin project by last quarter of 2021 and project development in De Centrum City by second half of 2022.



Our Engineering and Consultancy services segment provides engineering solutions in the areas of geotechnical, pavement, structural, and forensic engineering, and consultancy services in the areas of material certification and technical training.

Our agreement with Dewan Bandaraya Kuala Lumpur ("DBKL") has been extended for another two years, expiring in November 2022. We provide engineering services and capacity building to DBKL, with an average annual turnover of RM10 million, subject to actual consumption by DBKL.

We also have an agreement to provide engineering and capacity building services to Tenaga Nasional Berhad ("TNB"). This agreement is renewable annually, with an average annual turnover of RM10 million subject to actual consumption by TNB.

### REVIEW OF OPERATIONS

Our Engineering and Consultancy segment maintained its revenue of RM34 million and RM37 million for FY2020 and FY2019 respectively. LBT increased to RM22.2 million in FY2020 as compared to RM11.5 million in FY2019 due to impairment of receivables and provision for litigation.

### RISKS

Demand for our Engineering and Consultancy services are dependent on the overall economic environment as a slow economy would affect any capital expansion and thus, our services. We may be exposed to potential liability claims on our negligence to properly manage and safeguard our clients' assets and interests. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

## Management Discussion and Analysis

### MOVING FORWARD

Our Engineering and Consultancy segment operates mainly within engineering and project management services. Growth within the engineering and project management services market is likely to be derived from:

- government-led initiatives and spending;
- sustained economic growth to be support spending and investment in properties;
- increased participation by professionals in the provision of engineering and project management services; and

- strategic need for engineering and project management services.

Thus, we are enhancing and re-branding our “IKRAM Brand” as “Total Integrated Engineering Solutions Provider” specialising in Geotechnical and Geo Environmental Engineering, Pavement, Highway and Transportation Engineering, Structural and Material Engineering, Product and Personal Certification, and Technical Training.

In FY2018, we started the cost optimisation programme for our Engineering and Consultancy segment. This programme continued into FY2019 and FY2020 and will be extended to FY 2021 to ensure business sustainability and contribution to the Group.

We will continue to work with other highway concessionaires to expand our pavement condition assessment and evaluation works.

We expect our Engineering and Consultancy segment to perform better in FY2021 as more construction and engineering contracts are expected to be rolled out. This business segment will increase its efforts not only to sustain the existing business but also to secure new Long Term Service Agreement and consider various business options in line with the economic conditions of the country.



The Trading segment refers to activities of buying and selling of construction materials, equipment and other resources for project use.

Our trading and manufacturing segment complements and supports our maintenance, construction and property development segments by sourcing and supplying raw materials, equipment and other required resources to the segments and their sub-contractors.

### REVIEW OF OPERATIONS

Our trading and manufacturing segment reported higher revenue of RM280 million in FY2020 as compared to RM149 million in FY2019; in tandem with the increase in periodic maintenance works under the Maintenance segment. However, the PBT declined marginally from RM2.0 million in FY 2019 to RM1.9 million in FY2020 due to impairment on receivables.

### RISKS

Demand for our products is linked to the amount of construction activities by

our business partners. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

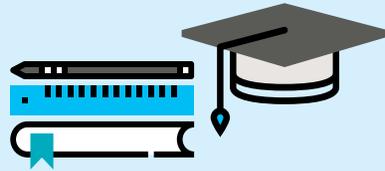
### MOVING FORWARD

Since the Trading and Manufacturing segment is to support our other business segments, the prospect of this segment will depend on the Maintenance segment’s ability to secure more periodic works as well as the Construction segment carrying out more construction activities.

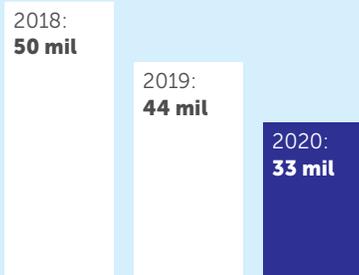
## Management Discussion and Analysis

### SEGMENT PERFORMANCE

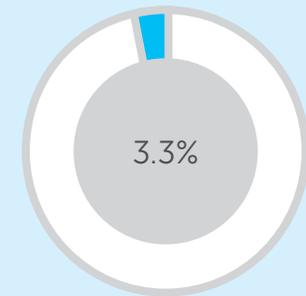
#### EDUCATION



#### Revenue (RM million)



#### Contribution to Group Revenue (%)



The Education segment's business activity is the provision of tertiary education and related services.

The education activity is undertaken by the Infrastructure University Kuala Lumpur ("IUKL").

Since the past 20 years, IUKL has been providing quality education and professional services in various fields. IUKL is among one of the top ranking universities and the only Infrastructure University in Malaysia.

In FY2018, as part of a rationalisation and cost optimisation exercise, IUKL merged some faculties and phased out programmes that were not profitable. This exercise has enabled IUKL to reduce its operating costs in FY2019 and FY2020.

### REVIEW OF OPERATIONS

Our Education segment reported a total revenue of RM35 million in FY2020 as compared to RM44 million in FY2019 due to a reduction in student numbers.

Apart from stiff competition in private tertiary education, increase in quota of student intake in public universities, and lower allocation of scholarship funding from the government; the low student population was also caused by the containment measures implemented by the government to curb the spread of COVID-19 virus.

Closed borders and prohibition of interstate movement had prevented enrolment of overseas students and students outside of the Selangor state.

The decline in revenue and impairment of receivables had resulted in a LBT of RM3.4 million in FY2020; which was a sharp contrast to the PBT of RM0.5 million in FY2019.

### RISKS

The education segment is exposed to competitive risk from other private tertiary institutions and other risks in the form of government policies which may be introduced and imposed on tertiary education.

The success of an education institution is dependent on its reputation as well as its ability to attract students, both local and international. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

## Management Discussion and Analysis

### MOVING FORWARD

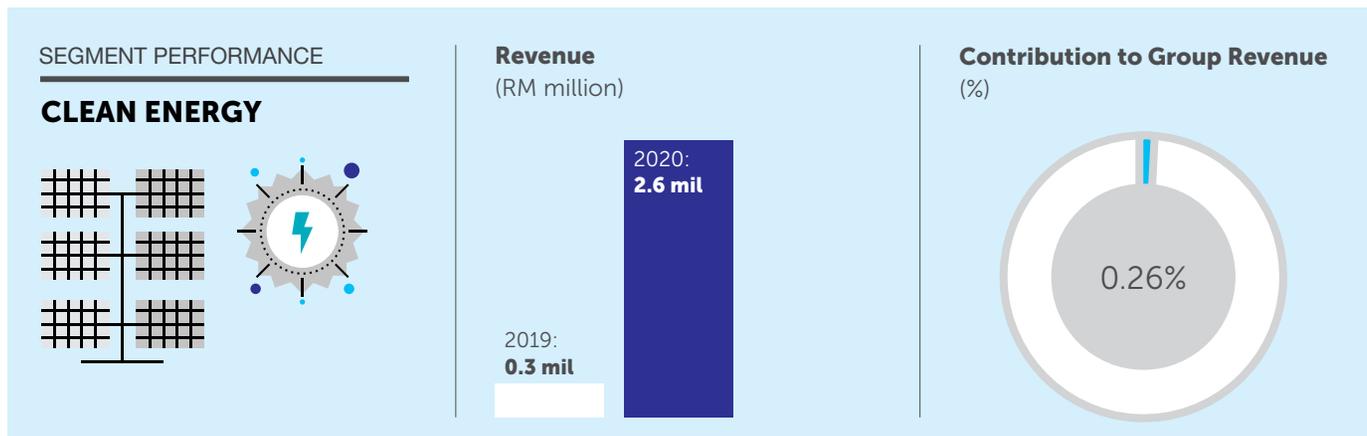
With the intense competition from other private tertiary institutions and government policies on tertiary education, IUKL has to be lean. The rationalisation and cost optimisation exercise, which started in FY2018 and continued to FY2020, will be extended to FY2021.

The COVID-19 outbreak and MCOs had severely affected the financial performance of IUKL. As a result of the MCOs, classes were conducted online and students were unable to return to the campus.

Although the nation's vaccination programme is already underway, it may take some time to achieve the target of 80% population having been vaccinated. Thus, it will be a while before we can go back to the pre-pandemic education business environment. On the

international scene, the enrolment and return of our international students will very much depend on the government's policy on opening its borders.

IUKL will look into various business strategies including strategic partnerships, enhancing marketing and recruitment strategies and various marketing programmes to overcome the challenges and obstacles it is likely to encounter given the current and expected economic and pandemic conditions, both locally and worldwide.



Following the award for the development of large scale solar ("LSS") PV plant of 6.8 MWac at Masjid Tanah, Melaka, in November 2017, our Clean Energy segment signed a 21-year Power Purchase Agreement with TNB in April 2018. We have secured financing for the construction of the said PV plant and began construction in 2019. It is expected to commence operations by second quarter of 2021.

Our Clean Energy segment will continue to participate in the subsequent roll out of the LSS as announced by the Government. We will continue to explore opportunities to participate in more government or private projects, either through direct participation or as Engineering, Procurement, and Construction ("EPC") contractor.

### REVIEW OF OPERATIONS

Revenue was RM2.6 million in FY2020 as compared to RM0.3 million in FY2019 as Clean Energy segment secured more installation of solar panel contracts since its inception in 2017.

Despite recording higher revenue in FY2020, LBT was consistent at RM0.8 million in FY2020 and RM0.9 million in FY2019 due to interest cost incurred for the development of LSS PV plant of 6.8 MWac at Masjid Tanah, Melaka.

### RISKS

Changing of government policies and incentives directly affects the business of Clean Energy. On the other hand, pandemic or local infectious disease will disrupt the business operations.

The success of our business segment relies on controls and mitigation

strategies to overcome numerous risks such as liquidity, operational, environmental, compliances and internal management. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 68 of this report.

### MOVING FORWARD

The construction of the LSS PV of 6.8 MWac at Masjid Tanah, Melaka has been completed and is expected to be commissioned in May 2021.

Upon completion of the commissioning, the LSS PV plant is expected to commence operations and power generation and thus billing to TNB. This will improve the financial performance of the Clean Energy segment in 2021. I2Energy Sdn Bhd, the EPC arm of the segment, will continue to secure more EPC contracts for installation of solar panels and other related services.

## Management Discussion and Analysis

### RISK MANAGEMENT

Risk management is an important part in achieving the Group's business sustainability. Key risks for the Group and the Group's risk management approach including controls and mitigating factors are provided in detail in the Statement of Risk Management and Internal Control on pages 68 to 74 of this Annual Report.

During the year, the Board approved the Policy and Procedures on Integrity and Anti-Corruption which provides the following commitments:

- To conduct all its business in an honest and ethical manner by implementing and enforcing systems that ensure bribery and corruption are prevented;
- Zero tolerance towards bribery and corruption; and
- Behaving professionally, fairly, and with integrity in all business dealings and relationships wherever the Group operates.

We are committed to upholding the highest standards of corporate governance and believe that integrity is a cornerstone for the delivery of sustainable value to all stakeholders.

### DIVIDEND

No dividend has been declared for the financial year 2020.

### FUTURE ECONOMIC OUTLOOK & GROUP PROSPECTS

The Malaysian economy is expected to rebound in 2021 with GDP growth projected to expand by 6.0% – 7.5%, supported by both stronger external demand and improving domestic activity.

All economic sectors are expected to have positive growth and domestic demand will remain the key driver of growth. Key factors supporting growth:

- Improving external demand amid technology upcycle;
- Less stringent containment measures and COVID-19 vaccine rollout;
- Gradual improvement in labour market conditions; and
- Continued policy support for households and businesses.

(Source : BNM)

2021 will be a year of transition, filled with challenges for the Group. As the economy is expected to rebound in 2021 in tandem with the anticipated improvement in global trade, consumer sentiments and business confidence, the Group is highly confident of its plans and targets for 2021 and in shaping its business sustainability and future growth.

During the launch of IAP (I Am Protasco) 1.0 in the year 2014, we established our Vision, Mission and Core Values. In the fourth quarter of 2020, we refresh our commitments and values by launching IAP 2.0 - A Journey of Discovery, Change & Growth.

Our journey of discovery has led us to the activation of 5 Critical Success Factors ("CSF"):

1 | Talent Management



2 | Culture Transformation



3 | Digitalisation



4 | Business Sustainability



5 | Business Process & Innovation



## Management Discussion and Analysis

We are guided by these 5 CSFs, vision and strategy and performance development framework in our pursuit of business excellence, career development for our employees, and return on shareholders' funds.

The key achieving targets starts with planning. Our meticulous planning is done in tandem with broad business knowledge and immense experiences to give us a head start. The Group is cognisant of its strength including tapping into the expected economic recovery and take on business challenges in 2021.

The Group expects to return to black through careful planning and execution of targets in 2021. The Group will also explore other business opportunities to enhance shareholders return.

### APPRECIATION

On behalf of the Board, I would like to place on record my sincere appreciation to all our valued shareholders, customers, business associates, bankers, suppliers, and contractors for their continuous support, invaluable trust and unwavering confidence in the Group.

I also wish to record my utmost appreciation to the management and staff at all levels for their contribution, dedication and hard work especially in their swift and coordinated response to the COVID-19 pandemic. I am confident that with their continuous commitment, perseverance, and by sharing and embracing our vision to secure a better future together, the Group will be able to sail through this economic turbulence.

In our journey towards FY 2021 and beyond, we will continue in areas where we performed well and improve on our shortcomings. We can respond effectively to the current operating climate and we strive to enhance our performance and create value for our shareholders and stakeholders.

We are dedicated to invest in our people and technology to deliver sustainable value to all stakeholders and will continue to grow our businesses through hard work.

Finally, I wish to place on record my deepest appreciation to my fellow members of the Board, both at Group and subsidiary levels for their immense contributions, wise counsel and utmost confidence in the Group.

Thank you.

Stay Safe & Stay Healthy.

**Dato' Sri Ir Chong Ket Pen**  
Executive Chairman



## SUSTAINABILITY REPORT



### PAVING THE WAY FOR SUSTAINABILITY

Sustainability has always been an integral part of Protasco's business operations. Through our activities in construction, property development, maintenance, education, clean energy, engineering and consultancy services, as well as trading and manufacturing, we strive to embed best practices to foster positive economic, environmental and social ("EES") impacts.

As a player in the Construction sector, our strength lies in our involvement at every stage of the value chain from sourcing to design, build and maintenance. This allows us to integrate sustainability throughout the entire life cycle of construction and infrastructure projects. Together with our Education and Clean Energy platform, Protasco's diverse business activities provide us unique perspectives and opportunities to drive change at a fundamental level.

As we progress on our sustainability journey, we have established the Sustainability Committee ("SC") in FY2020 to assist the Board in fulfilling its oversight responsibility in relation to Protasco's objectives, policies and practices pertaining to sustainability. We are driven to embed sustainability more deeply into Protasco Berhad so as to deliver long term value to all our stakeholders.

## Sustainability Report

### COVID-19 Pandemic Response

Aside from pursuing our sustainability agenda, in 2020, Protasco was also preoccupied with efforts to ensure business continuity and safeguard our people from the COVID-19 global health threat. The Group has put in place all the necessary outbreak mitigation measures as prescribed by the government-mandated Standard Operating Procedures ("SOP"), and more, as outlined below:



- 1 During the 1<sup>st</sup> Movement Control Order ("MCO") in March 2020, our offices that were not offering essential services were closed as only premises offering essential services were allowed to operate. Staff were asked to work from home ("WFH").
- 2 All meetings were held virtually using work collaboration platforms that allowed for presentation as well as document sharing to ensure that work processes were uninterrupted.
- 3 Under the slightly relaxed restrictions of the Conditional MCO ("CMCO"), offices are allowed to reopen but with capacity cap caveats. Employees were allowed back to work on a rotational basis.
- 4 WFH continued to be encouraged, utilising prevailing digital platforms that are in place to ensure operational effectiveness was achieved.
- 5 Since the 2<sup>nd</sup> CMCO, we have maintained a minimal presence at the office of only 30% of supervisory level employees.
- 6 Necessary gatherings in confined spaces were only done if physical distancing could be observed.
- 7 Sanitisation works including fogging were carried out at all Protasco premises, especially at high-touch surfaces such as door handles, electric switches, thumbprint attendance terminal, etc.
- 8 COVID-19 SOP reminders in the form of posters, notes and banners were put up at visible places.

Among the Group's 1,500-strong workforce, 10 employees had contracted COVID-19 in 2020, representing a 0.7% infection rate. As we move into 2021 and beyond, we will remain vigilant in observing and enforcing COVID-19 SOPs at our premises for the health and safety of our staff.

# Sustainability Report

## ABOUT THIS STATEMENT

### Reporting Framework, Scope and Boundary

This report is prepared in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2<sup>nd</sup> Edition), while drawing on other related sources for sustainability reporting best practices such as the Reporting Index ("GRI") 2018 Sustainability Framework, Bursa Malaysia FTSE4Good Index Disclosures and the UN Sustainable Development Goals ("UN SDGs") for guidance.

In this Sustainability Statement, we will discuss how sustainability is governed at Protasco, how we engage with our key stakeholders to determine our material matters, and share the progress, development and improvements we had made in the areas of sustainable business development, environmental stewardship, as well as our advances in workplace practices and community development.

The statement covers the key activities of Protasco Berhad's business segments and its subsidiaries (as listed in the Corporate Structure and Quick Facts on pages 3 to 5 of the annual report) for the financial period of 1 January 2020 to 31 December 2020 ("FY2020"), unless otherwise stated. Wherever possible, we strived to provide historical data for comparison to make our disclosures more meaningful for our stakeholders. Disclosures on impacts involving third party vendors and our value chain partners were excluded from this report.

### Disclosure Assurance

As we are still in the early stage of developing Protasco's sustainability function, we have not sought external assurance for this Statement. However, we recognise the value of independent verification and will consider seeking assurances for our key sustainability indicators as our reporting journey progresses.

In the meantime, we rely on internal functions to ensure the accuracy of the data disclosed. The Management and Board of Directors have applied their collective minds to the preparation and presentation of information in this Statement and believe that it provides a fair and balanced account of Protasco's sustainability performance and commitments.

### Feedback

In line with our commitment towards continuous improvement, we welcome feedback from our stakeholders on our sustainability reporting and practices. Comments and recommendations can be directed to:

#### Protasco Berhad

[200101012322 (548078-H)]

Unipark-Suria, Jalan Ikram-Uniten,  
43000 Kajang, Selangor, Malaysia.

Tel: (603) 8738 3388

Fax: (603) 8926 4023

Investor Relations Contact : Han Long Kong

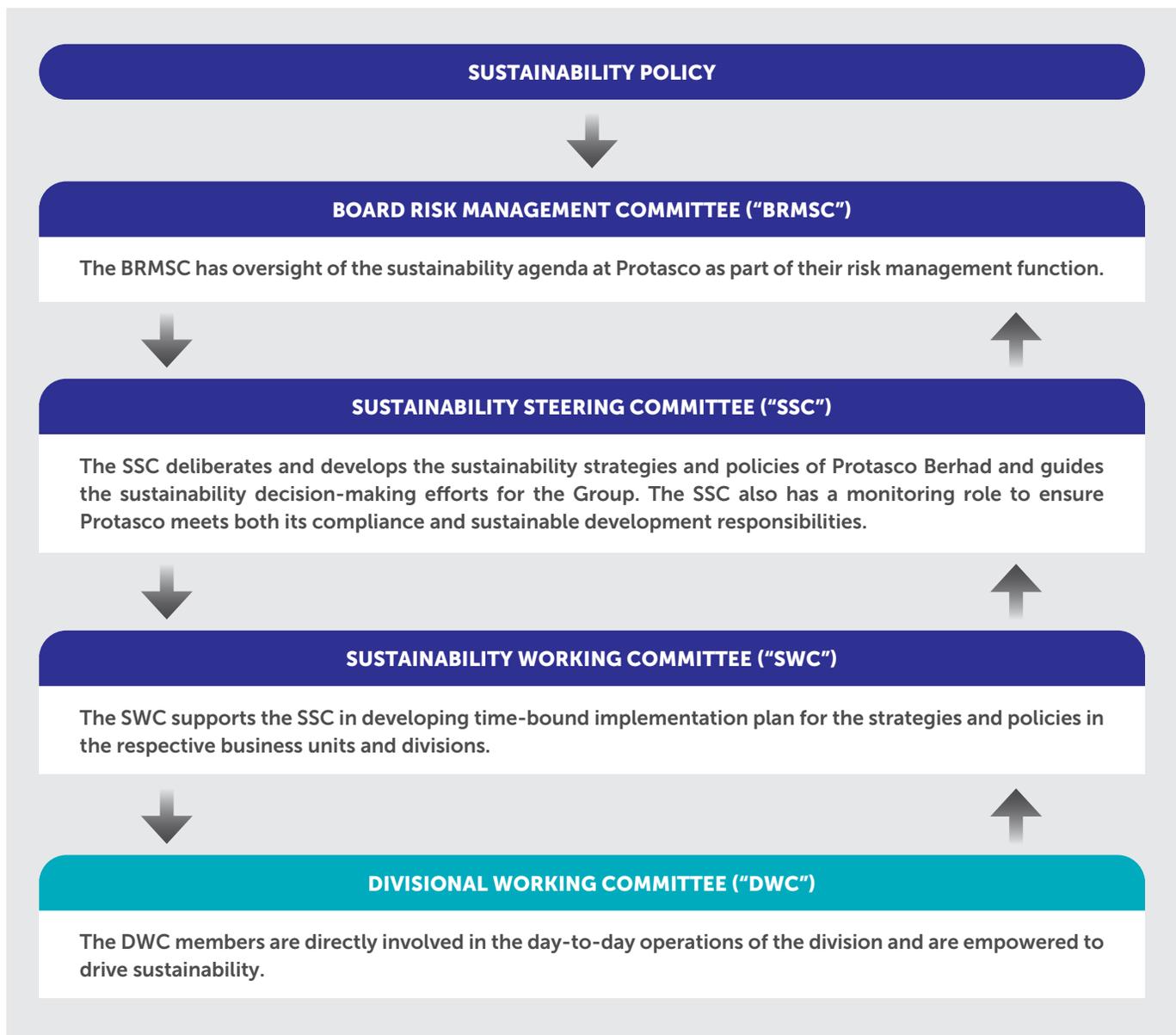
Email : [lkhan@protasco.com.my](mailto:lkhan@protasco.com.my)

## Sustainability Report

### SUSTAINABILITY GOVERNANCE

Sustainability is deeply embedded into the operations of Protasco, driven downwards from the highest level of Management. It is guided by Protasco’s Sustainability Policy, which was established in 2019 and endorsed by Protasco’s Board of Directors. In August 2020, we have included sustainability governance into the functions of the Board Risk Management Committee.

The following chart outlines Protasco Berhad’s Sustainability Governance structure and reporting framework:



Sustainability  
Report

The current composition of the committees are as follows:

SSC	SWC	DWC
<ul style="list-style-type: none"> <li>• Group Managing Director (Chairman)</li> <li>• Chief Operating Officer (Vice Chairman)</li> <li>• Maintenance Division, Chief Executive Officer</li> <li>• Construction &amp; Property Division, Executive Director</li> <li>• Engineering &amp; Consultancy Services Division, Chief Executive Officer</li> <li>• Trading &amp; Manufacturing Division, Executive Director</li> <li>• Education Division, Vice Chancellor</li> <li>• Clean Energy Division, Executive Director</li> <li>• Group Corporate Office, Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Sustainability Officer</li> <li>• Compliance Department (Document Controller, Data Collection, Data Analysis &amp; Review)</li> <li>• Corporate Communications Department (Report Writing)</li> <li>• Representatives from Each Division/ Department</li> <li>• Divisional Sustainability Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Divisional Sustainability Officer</li> <li>• Coordinator</li> <li>• Document Controller</li> <li>• Data Person-In-Charge</li> <li>• Committee Members</li> </ul>

The diversified businesses of the Group are well represented at these committees to ensure that our sustainability initiatives can be effectively operationalised in every sector of the Group. These committees are supported by a robust set of governance frameworks and policies to manage sustainability at Protasco:



The above policies can be viewed at our Investor Relations portal at <https://www.protasco.com.my>. These policies are assessed periodically to ensure its continued effectiveness.

## Sustainability Report

### Ethics and Integrity

Integrity continues to be a cornerstone of Protasco’s behaviour in the marketplace and workplace. We are in compliance with all relevant legislation and regulations including the Malaysian Code of Corporate Governance (“MCGC”) 2017, and are committed to continually raise the bar in our ethics and integrity standards.

Recognising the risks posed by corruption, we have put in place adequate internal control measures in every part of the organisation’s processes to prevent its occurrence. Our Internal Audit (“IA”) function plays an important role in the detection of any weaknesses in our internal controls which may lead to misconduct or fraud committed by our personnel, and are committed to address any issues raised or detected immediately. Any red flags of fraud observed during the operational audit conducted by IA will be investigated thoroughly, and process improvement recommendations will be provided.

To further combat corruption, we have put in a place a Whistleblowing Policy and a whistleblowing channel to provide a formal system for all employees and external parties to report any instances of wrongdoing. We have communicated our integrity commitment and our firm stance to not tolerate any corrupt activities to all our staff. Employees are also required to validate standing instructions on business ethics upon their acceptance of employment with Protasco, while all of our Senior Management have attended training to help them identify possible situations of corruptions. Anti-Corruption is also among the training modules attended by members of the Board to ensure governance effectiveness.

In the year under review, there were no reports of wrongdoings received through the whistleblowing channel. However, our operational audit uncovered a case of non-compliance with anti corruption principles in the year under review and the staff had been disciplined accordingly. Despite our Anti-Corruption Policy coming into effect only in FY2020, our IA function has been diligently tracking and preventing incidences of fraud or corruption for the past few years:



With Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) coming into effect in June 2020, the Board had on February 2020 approved the Integrity and Anti-Corruption Policies and Procedures (“P&P”) for adoption. However, based on the internal audit conducted in FY2020, the Board had decided to make further revisions to the P&P with the revised draft receiving Board approval in March 2021. In addition, we had also conducted an awareness training for all key Senior Management of the Group on Section 17A of the MACC Act.

We remain on course to cascade awareness and understanding of Section 17A of the MACC Act across the organisation through planned road shows, training for all employees, placement of anti-corruption banners, and other initiatives in 2021 and onwards.

### Supply Chain

As a diversified business with presence in every stage of the construction and infrastructure value chain, Protasco plays a vital role in supporting the local marketplace through fair and equitable procurement practices.

We are in the midst of preparing and finalising a general purchasing and procurement policy to outline our strict tendering process for vetting the contractors we hire, which involves all parties at every level of the process for transparency from pre-qualification until the award and post-project evaluations. Contractors are evaluated on their performance as well as their ability to deliver at competitive pricing, and are audited by Protasco annually.

Sustainability  
Report

Responsible local contractors with a good performance track record of contributing positively to the nation's economy are given due consideration, while safety track records are scrutinised to ensure compliance with all relevant laws and regulations of the Occupational Safety and Health Act ("OSHA") and Department of Environment ("DOE").

All the construction materials used are sourced by our contractors and responsibly procured from Construction Industry Development Board ("CIDB"), Standard and Industrial Research Institute of Malaysia ("SIRIM") or IKRAM QA approved material list.

We hope to do more to encourage and empower good ESG practices among our contractors in the future.

**STAKEHOLDER IDENTIFICATION & ENGAGEMENT**

Throughout the course of our business activities, we are in contact with a diverse range of stakeholders, with whom we engage regularly as part of our sustainability process. Engagement with stakeholders helps us gain a more complete understanding of matters that may have a material impact on our business and sustainability, and ensures that their interests and concerns are taken into consideration as we respond to change in an evolving operating landscape.

The following stakeholder groups have been identified as having the most influence on Protasco's business sustainability:

Stakeholder Groups	Means of Engagement
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Briefings/meetings</li> <li>• Emails</li> <li>• Intranet portals</li> <li>• WhatsApp exchanges</li> <li>• Performance appraisal sessions</li> <li>• Department sharing sessions</li> </ul>
<b>Government/Local Authorities/Regulators</b> 	<ul style="list-style-type: none"> <li>• Briefings/meetings</li> <li>• Emails</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Sponsorship and contributions</li> </ul>
<b>External Providers</b> 	<ul style="list-style-type: none"> <li>• Review &amp; coordination meetings</li> <li>• Negotiation meetings</li> </ul>
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• News releases</li> <li>• Investor relations website</li> <li>• Corporate websites: <ul style="list-style-type: none"> <li>&gt; <a href="http://www.protasco.com.my">www.protasco.com.my</a></li> <li>&gt; <a href="http://www.ikram.com.my">www.ikram.com.my</a></li> <li>&gt; <a href="http://www.roadcare.com.my">www.roadcare.com.my</a></li> <li>&gt; <a href="http://www.decentrum.com.my">www.decentrum.com.my</a></li> <li>&gt; <a href="http://www.protascotrading.com.my">www.protascotrading.com.my</a></li> <li>&gt; <a href="http://www.iukl.edu.my">www.iukl.edu.my</a></li> </ul> </li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Briefings/meetings</li> <li>• Customer service hotlines</li> <li>• Student meetings</li> <li>• Social media site</li> </ul>

## Sustainability Report

While the stakeholder groups shown in the previous page are a restatement from FY2019’s report, the means of engagement for some groups have changed significantly in FY2020 due to the COVID-19 pandemic SOPs. There was an increase in the utilisation of digital tools as face-to-face engagements were highly discouraged, while meetings, sharing sessions and dialogues were done virtually. There was a massive absence of community engagement programmes as well due to the restrictions against large gatherings and the pandemic’s drain on the Group’s financials.

Protasco remains committed to understanding the needs and concerns of our key stakeholders and looks forward to resuming regular engagement activities as soon as practicable.

### UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS



The United Nations Sustainable Development Goals (“UNSDGs”) is a collection of 17 global goals that form the roadmap to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Malaysia together with other world leaders answered that universal call to action at the United Nations General Assembly in New York on 25 September 2015 and adopted the 17 Goals and 169 targets of the UNSDGs.

As a public listed company in Malaysia, we have a responsibility to support our nation in advancing these goals and play our role as a responsible global citizen. Protasco has expressed our support of the UNSDGs and identified several goals that we can contribute to meaningfully through the business activities of the Group:

Sustainability  
Report**Goal 1: No Poverty**

Throughout the years, Protasco has been active in corporate social responsibility activities in the communities where our businesses have a presence. Aside from direct financial contribution and community development efforts, our equal opportunity workplace policies also help to ensure a level playing field for gainful employment as a means for marginalised communities to escape poverty.

**Goal 3: Good Health and Well-being**

Operating in the construction sector, Protasco complies with all applicable guidelines of the Occupational Safety and Health Malaysia ("DOSH") at each of our project worksites to ensure the safety and wellbeing of our employees. The provision of workplace healthcare benefits as part of our competitive remuneration ensures that our employees receive essential medical services to maintain good health.

**Goal 4: Quality Education**

Our education division's Infrastructure University Kuala Lumpur ("IUKL") provides inclusive and equitable quality education. Guided by the University's motto "For Knowledge, For Humanity", IUKL is known for its affordably priced courses despite being one of the nation's most recognised institutions in the field of infrastructure. IUKL achieved a 4 Star (Competitive) rating for Setara 2018/2019 in the mature university category (for universities over 15 years old). It is also rated 5 STARS for the Teaching and Facilities category in the latest 2020 QS rating system.

**Goal 7: Affordable and Clean Energy**

Protasco's clean energy division had delivered multiple projects across Malaysia, helping companies deploy and deliver energy-saving green technology, clean energy services and finance large scale solar power plants.

**Goal 9: Industry, Innovation and Infrastructure**

Protasco's construction and infrastructure activities help keep economies connected and promote inclusive and sustainable industrialisation. Our expertise lies in the design, construction, upgrading and rehabilitation of roads, bridges and buildings services, building resilient infrastructure while fostering innovation in the field of infrastructure.

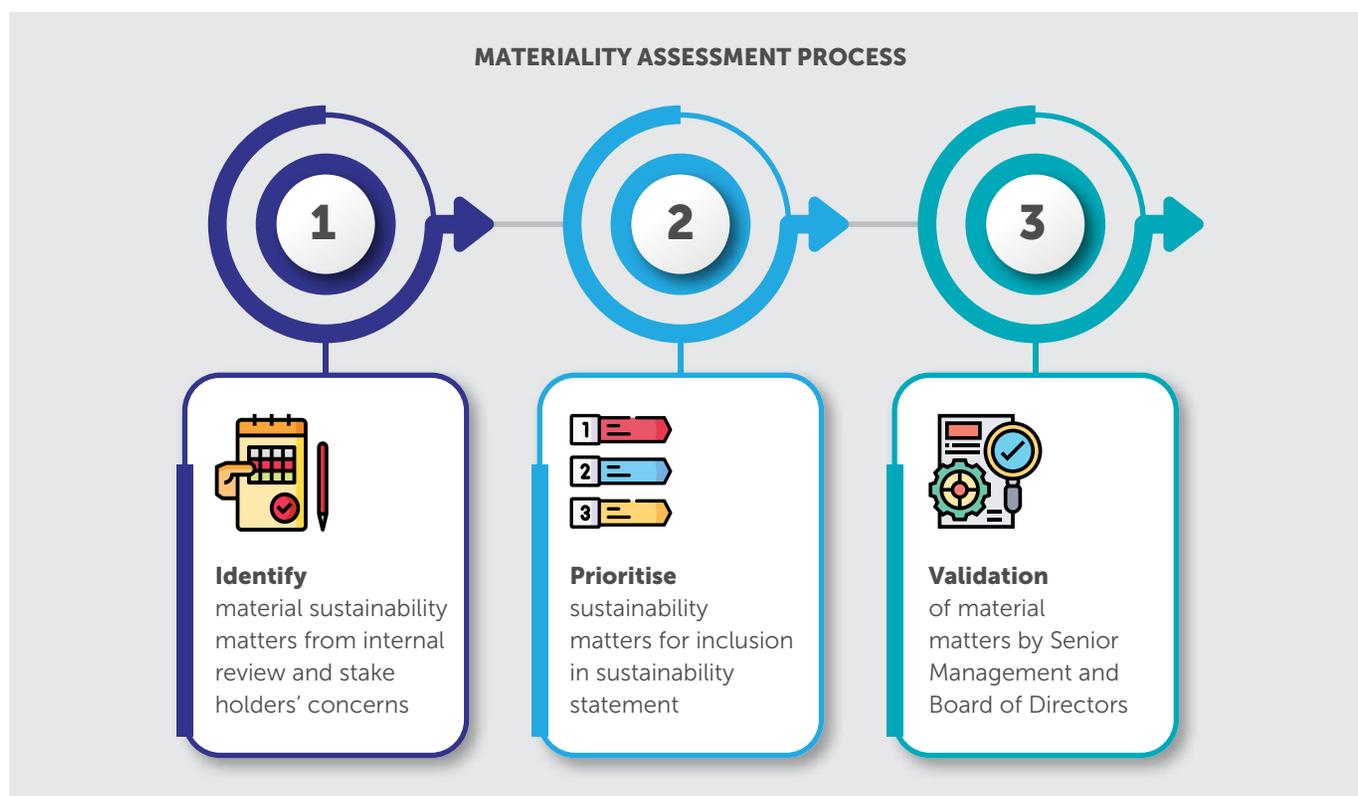
**Goal 11: Sustainable Cities and Communities**

Our property and infrastructure projects are carried out safely, responsibly and in consideration of urban needs and challenges, contributing to infrastructure development and nation-building that make cities and human settlements inclusive, safe, resilient and sustainable.

# Sustainability Report

## DEFINING MATERIALITY MATTERS

Through our stakeholder engagement and risk assessment processes, and taking our operating environment into consideration, the management of each division in Protasco had applied their collective mind to identify and shortlist the matters deemed most material to our ability to create and sustain value from an EES perspective. These issues are prioritised based on their potential impact on our sustainability and guide our disclosures in the following pages.



The SSC had in the first quarter of 2019 validated the following as having the most material impact on Protasco Berhad:

	<b>Material Matters</b>	<b>Sustainability Pillars</b>
1.	Business Performance	Economic
2.	Product & Services Quality	Economic
3.	Environmental Conservation	Environment
4.	Occupational Safety, Health & Environment	Social
5.	Human Capital	Social
6.	CSR & Community Development	Social

The six (6) group level materiality matters have been acknowledged by every division in Protasco as being relevant to their businesses and they have agreed to track the performance of these sustainability indicators as well as two other indicators specific to each division going forward.

The Board and Management of Protasco have also reviewed the above list of material matters and are in agreement with the divisions' determination.



## SUSTAINING ECONOMIC VALUE

### Business Performance

Protasco's economic sustainability is of the highest priority within the Group as it affects our ability to create long-term value for all our stakeholders. Our business sustainability also contributes to the nation's GDP while supporting a vibrant local supply chain. With that in mind, the Board and Management of Protasco had been prudent in its financial management of the Group, particularly in the pandemic-hit FY2020.

Some of the key strategic decisions made to sustain our economic performance through FY2020 and beyond includes:

- Implementing business continuity plans and various COVID-19 countermeasures to limit the losses from the drop in business performance;
- Continuing cost optimisation efforts that began in 2018 which includes putting overtime request on hold, offering voluntary reduced workday scheme where staff can opt to work on a 4-day week arrangement, and implementing a COVID-19 Salary Reduction exercise that ran from May to December 2020;
- Ensuring timely completion of Maintenance and Construction projects as planned to reduce operational cost and safeguard the Group's track record and ability to replenish our orderbook;
- Aggressively tendering to ensure a continuous pipeline of projects for each segment;
- Actively pursuing opportunities in the Maintenance segment, which remains a strong revenue contributor to the Group to support the performance of other segments such as Trading and Manufacturing;
- Disposing 3 pieces of commercial land in Johor for cash realisation; and
- Deferring property launches in light of dampened market sentiment and realigning new property projects toward the affordable homes market where demand is still strong.

We will continue to actively monitor and manage risks in our operating landscape to ensure our economic stability, while remaining on the lookout for growth opportunities.

Information on our FY2020 economic performance can be found in:

- Management Discussion & Analysis: pages 7 to 18
- Financial Highlights: page 6
- Financial Statements: pages 76 to 213

## Sustainability Report



### Product Services & Quality

Protasco's business is sustained by customers' continued trust and confidence in the quality of our products and services and the value it offers to our customers. With core businesses encompassing construction, property development, maintenance, education, clean energy, engineering and consultancy services, as well as trading and manufacturing, we are able to leverage on our synergistic ecosystem of service offering to strengthen the quality, safety and sustainability of our products and services through shared skills and knowledge. To ensure customers' continued confidence in Protasco, we have put in place a robust set of quality management systems to enhance the integrity of our products and services:

1. ISO 9001 – Ikram Engineering Services Sdn Bhd, Ikram Paves Sdn Bhd, HCM Engineering Sdn Bhd, Roadcare (M) Sdn Bhd, Empayar Indera Sdn Bhd, IUKL, Protasco Trading Sdn Bhd
2. ISO 14001 – HCM Engineering Sdn Bhd
3. ISO 17025 – Ikram Paves Sdn Bhd
4. ISO 17065 – Ikram QA Services Sdn Bhd
5. ISO 45001 – HCM Engineering Sdn Bhd
6. CIDB G3/SPKK – Ikram Engineering Services Sdn Bhd
7. CIDB G7 – Kumpulan Ikram Sdn Bhd
8. BEM – Ikram Premier Consulting Sdn Bhd, Ikram Engineering Consulting Sdn Bhd
9. BAM – Ikram Premier Consulting Sdn Bhd



## REDUCING ENVIRONMENTAL FOOTPRINT

### Environmental Conservation

We are cognisant of the risk that climate change poses to our business and society at large and have persistently strived to improve our operational processes to better manage and minimise potential environmental impact in our day-to-day activities. Our efforts are primarily focused on efficient resource utilisation as a means to reduce our carbon footprint.

Priorities	Measures Implemented
<p><b>Materials Usage</b></p> 	<p>Our concern for the environment has led us to give serious consideration to the materials used in our construction and maintenance projects. Materials used are responsibly procured, sourced only from CIDB, SIRIM, IKRAM QA and other approved materials list to minimise its impact on the environment.</p> <p>Aligned with our Reduce, Reuse and Recycle (“3R”) principles practiced in Protasco, we encourage the reuse of materials and recycling practices wherever possible to reduce waste generation. Exemplifying this practice is the use of Cold In-Place Recycling (“CIPR”), an advanced and environmentally friendly technique pioneered in Malaysia by Protasco’s maintenance division that reuses existing materials when repaving roads. Aside from that, Protasco is also a pioneer in the use of Malaysian Rubber Institute’s (“LGM”) environmentally friendly paint made from recycled rubber as the paint coating for our corporate building block.</p> <p>Responsible material usage is also practised in our offices, especially in reducing paper use through paperless processes, e-communication, and responsible printing practices.</p>
<p><b>Waste Management</b></p> 	<p>Reducing waste is one of Protasco’s ongoing initiatives to minimise our environmental impact. Aside from 3R initiatives carried out by the various divisions, our construction division ensures all project sites adhere to the Environmental Regulations (Scheduled Waste) 2005 and ISO 14001:2015 - Environmental Management System. Construction wastes generated at our project sites, are segregated according to its type and disposed of by appointed licensed contractors according to guidelines prescribed by the local authorities and building standards.</p>

## Sustainability Report

### Priorities

#### Energy Consumption

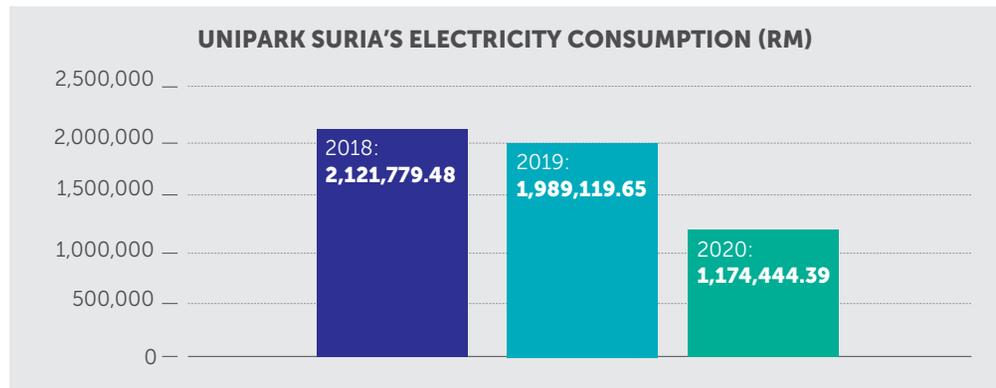


### Measures Implemented

Energy is used extensively in the process of construction and in all of our operating premises. We recognise its impact on the environment in the form of its carbon emissions that can contribute to climate change.

Hence, we have been proactive in finding ways to reduce our energy consumption and its associated costs, which includes introducing best practices such as installing energy-saving LED lights, implementing good housekeeping practices such as switching off lights and equipment when not in use and setting air conditioners at a consistent 'optimum temperature' of between 24°C to 26° Celsius.

The following charts the changes in electricity consumption for Protasco's headquarter ("HQ") at Unipark Suria for the past three years:



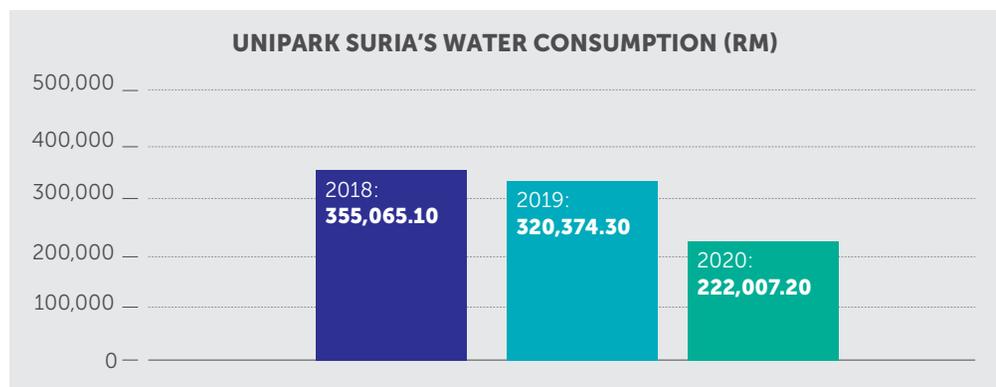
Due to the reduced occupancy at our offices throughout the 2020 pandemic year, and the closure of IUKL Café since July 2019, we have seen a marked reduction in our HQ's energy bill, which serves as a reminder on the potential financial benefits of sustainable practices.

#### Water Consumption



Clean water is a precious resource that should be responsibly conserved. At all Protasco's premises, good water usage habits are encouraged among employees and visitors, with reminders provided at all usage points such as the pantries and toilets.

The following chart outlines the water consumption for the whole Protasco premise at Unipark Suria for the past three years:



**CULTIVATING SOCIAL RELATIONSHIPS****Occupational Safety, Health and Environment**

Due to the nature of our business, our Maintenance division employees and contractors are faced with hazardous health and safety risks such as vehicular accidents from “live traffic”, respiratory and musculoskeletal health risks from dusty environments, excessive heat and manual labour, as well as risks associated with operating equipment and machineries such as road pavement machines, lawn machines, tree cutting machines and other machines related to their scope of work.

## Sustainability Report

For that reason, our Maintenance division has put in place robust Health, Safety and Environment (“HSE”) practices as part of its regulated OSH framework, which is aligned with guidelines by the Department of Occupational Safety and Health Malaysia (“DOSH”) to ensure all the necessary training, protective equipment and other safeguards are provided for work to be conducted safely on our projects. The traffic and safety department conducts hazard identification, risk assessment and risk control (“HIRARC”) for every scope of work and site to recommend the appropriate project safety plan before work commences. Our practices and processes are guided by the following framework:



Sustainability  
Report

Aside from ensuring employee safety and project continuity, worksite safety is also fundamental to the wellbeing of the public and the environment. Hence, our safety practices are also in compliance with all relevant Department of Environment (“DOE”) guidelines to prevent adverse impact on the environment and the surrounding communities.

Measures implemented include:



We have zero tolerance towards non-compliance with our safety standards, and these expectations are cascaded down to all of our contractors as well, who are responsible for carrying out the safety practices at their respective worksites. All safety accidents and incidences are reported to DOSH as required by the Occupational Safety and Health Act 1994. For the year under review, we are relieved to note that there was no major accident reported from any road construction project sites across Malaysia.

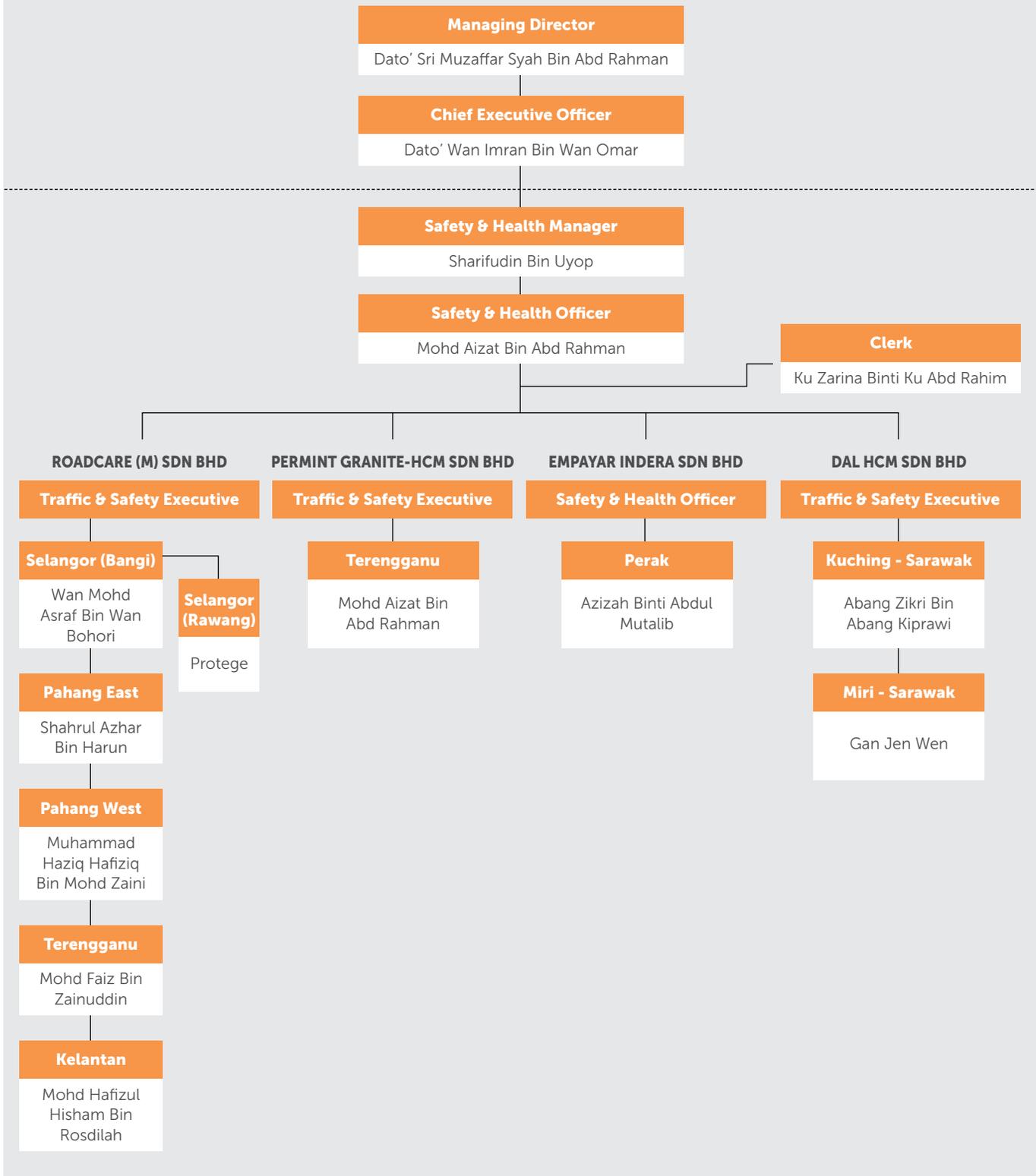
The Maintenance division’s HSE committee meets every quarterly to review the implementation of safe work practices at their sites and recommend improvements accordingly. The meetings are chaired by the Regional Manager, with a representative from HQ in attendance. All employees are represented at their respective regional offices and companies as follows:

- Roadcare (M) Sdn Bhd in all regions - Selangor
  - Pahang
  - Kelantan
  - Terengganu
- Empayar Indera Sdn Bhd, Perak
- Permint Granite – HCM Sdn Bhd, Terengganu
- DAL HCM Sdn Bhd, Sarawak

All HSE matters are reported to Dato’ Wan Imran Bin Wan Omar, the Chief Executive Officer of Maintenance and Chairman of Protasco’s Safety & Health Committee, with pertinent HSE matters conveyed to Maintenance Managing Director, Dato’ Sri Muzaffar Syah Bin Abd Rahman.

# Sustainability Report

## PROTASCO MAINTENANCE ORGANISATION CHART TRAFFIC AND SAFETY DEPARTMENT



Sustainability  
Report

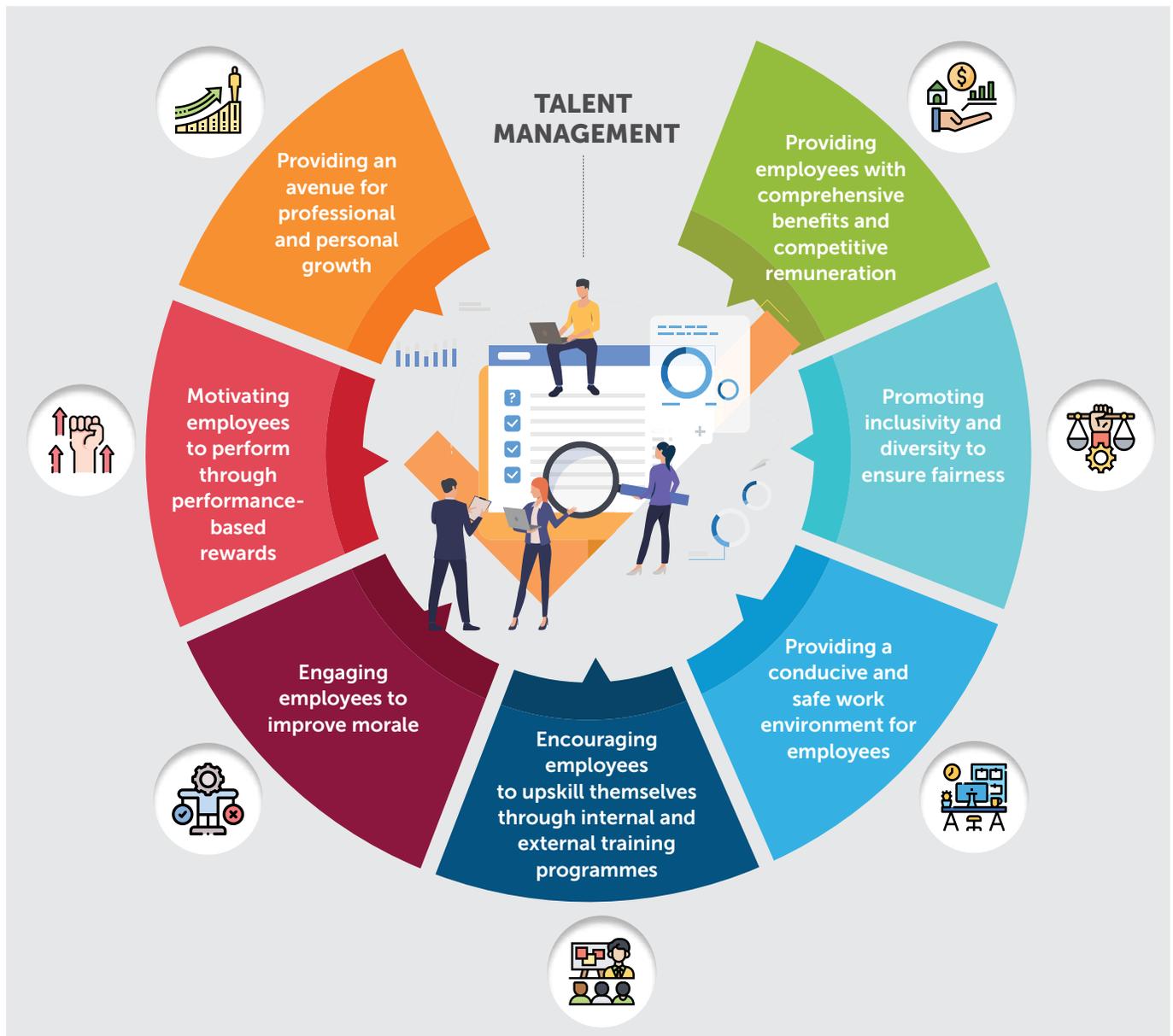
In FY2020, approximately RM8,400 was spent on HSE training for staff on the following activities:

- HSE induction
- Weekly toolbox safety briefing
- Fire drill training
- First aid exercise
- Traffic control person training
- Fogging of worksites
- HSE talks by PERKESO
- SICW CIDB Card talks

## Human Capital

### Talent Management

As a diversified Group, Protasco has a wealth of talent that forms the backbone of the Group. We strive to retain these talents via strategic approaches that include:



## Sustainability Report

The Group adheres to the Malaysian Employment Act 1955 and Children and Young Persons (Employment) Act 1966, which prohibits exploitative labour practices and is aligned with the guidelines of the International Labour Organisation (“ILO”) and the Universal Declaration of Human Rights. We do not practise child labour or forced labour and adheres to the minimum wage requirements in the countries we operate in.

All Protasco employees undergo annual appraisals to assess their performance, determine their competitive remuneration, assess their skills and chart a growth path in aligned with company goals. A grievance mechanism is also in place to help resolve workplace issues amicably and impartially.

In the year under review, the Group had invested approximately RM218,457 on training for 739 staff. The training focused on areas such as technical skills, leadership and culture, with an average training time of 14 hours per employee. We hope to continuously upskill our employees to develop mutually rewarding career paths for our people and develop skill sets to boost our business growth.

In support of work-life balance for our staff, we also offer pro-family benefits such as parental leave – both maternity and paternity leaves. During the year under review, 21 of our permanent staffs utilised their parental leaves to welcome new additions to their family.

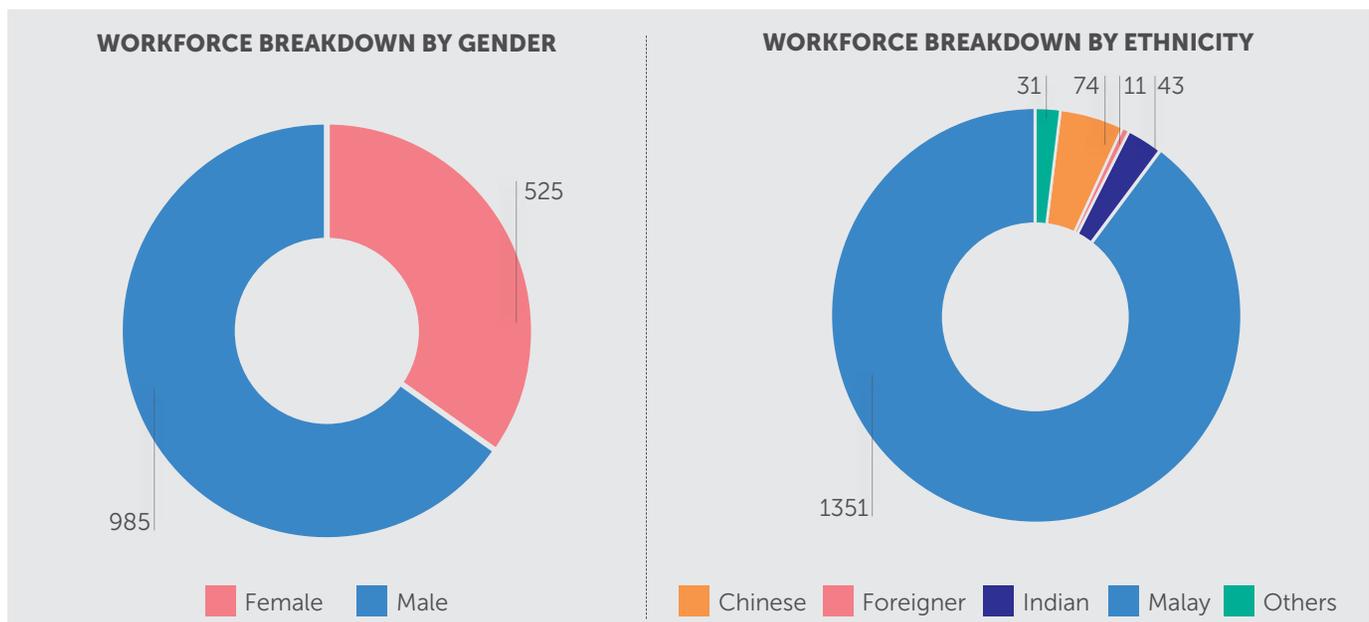
We are pleased to report that the Group’s employee retention rate is 83.5% in FY2020. Total staff strength stands at 1,510 as at FY2020.

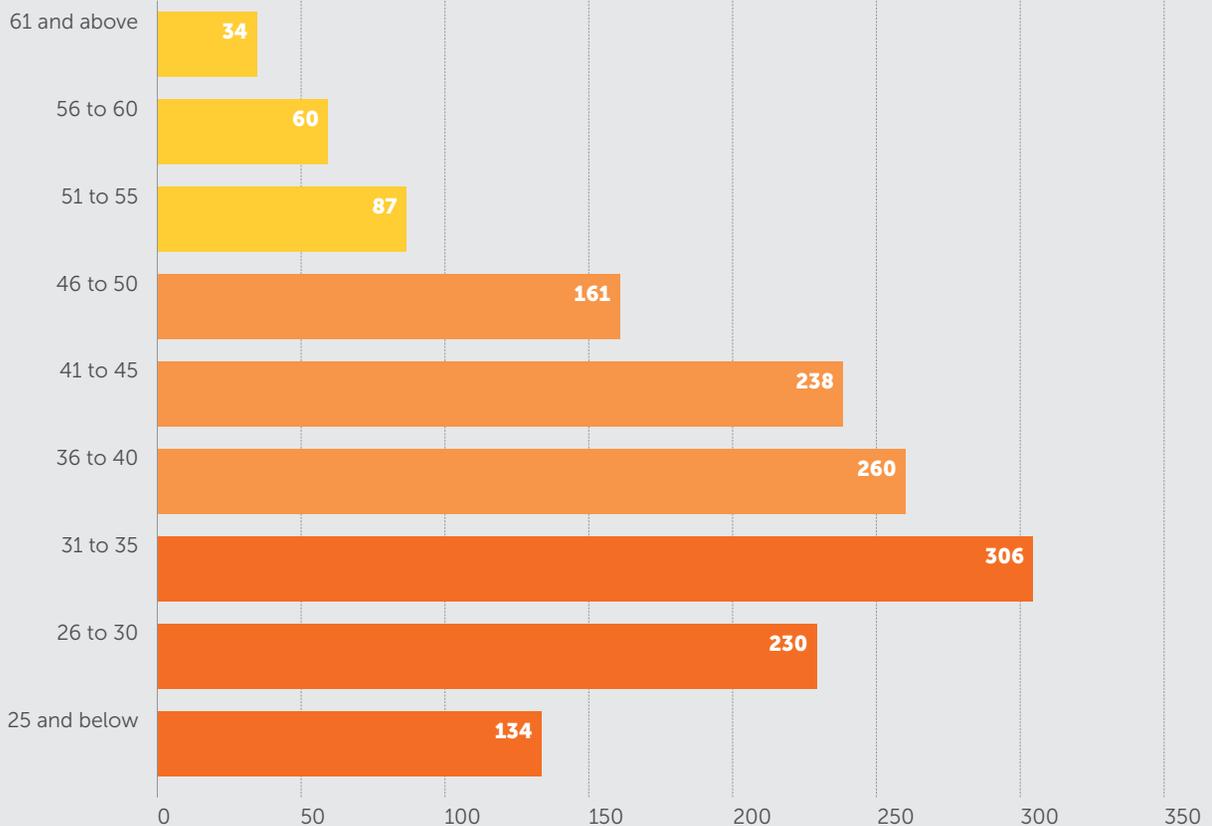
In the year under review, 85.37% of our employees underwent their annual reviews and were successfully appraised for their performance.

### Diversity and Equal Opportunity

Protasco practices non-discrimination against employees and potential hires, where prospects of employment, promotion, training opportunities, salary, remuneration, reward and other forms of benefits are determined based on merit and in accordance with our human resource protocols and procedures.

We strive to attract and maintain a diverse workforce that reflects the multi-ethnic nature of Malaysia. The following charts showcase Protasco’s employee diversity breakdown by age, gender and ethnicity:



**WORKFORCE BREAKDOWN BY AGE****CSR & Community Development**

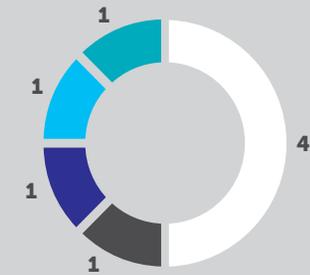
As a responsible corporate citizen, Protasco is committed to contribute our time and effort towards the development of sustainable and inclusive communities. However due to the pandemic's negative effect on the Group's profits, as well as health risks of social interactions and large gatherings, we had not been able to carry out our usual community development programmes and CSR initiatives in FY2020.

We look forward to resuming these programmes post pandemic and will continue promoting community engagement and employee volunteerism to enhance the community in which we operate and deliver sustainable long-term benefits to society.



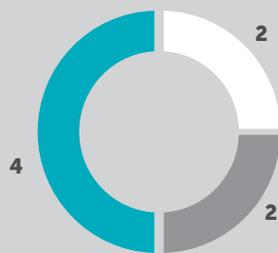
# BOARD OF DIRECTORS

## Board Composition



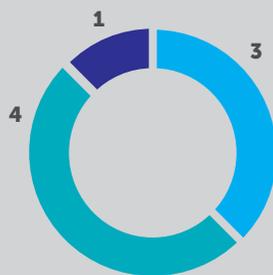
- Independent Non-Executive Director
- Group Managing Director
- Executive Chairman
- Executive Director
- Non-Independent Non-Executive Director

## Board Age



- < 50 years old
- 51 - 60 years old
- > 60 years old

## Board Tenure



- < 4 years
- 5 - 9 years
- > 10 years

**Celine Chan Hooi Li**  
Independent  
Non-Executive  
Director

**Dato' Sri Su-Azian  
& Muzaffar Syah  
Bin Abd Rahman**  
Executive  
Director

**Dato' Ir Kenny  
Chong Ther Nen**  
Group Managing  
Director



Board of  
Directors

**Dato' Sri Ir  
Chong Ket Pen**  
Executive  
Chairman

**Tham Wei Mei**  
Independent  
Non-Executive  
Director

**Dato' Tan  
Yee Boon**  
Independent  
Non-Executive  
Director

**Ir Tan Heng Kui**  
Non-Independent  
Non-Executive  
Director

**Suhaimi Bin  
Badrul Jamil**  
Independent  
Non-Executive  
Director



## PROFILE OF DIRECTORS

# DATO' SRI IR CHONG KET PEN

Executive Chairman

Malaysian | Age 66 | Male

### TERM OF OFFICE

Director of Protasco Berhad since 18 May 2001

### BOARD COMMITTEE

None

### EDUCATION & QUALIFICATION

- Registered Chartered Engineer with the United Kingdom's Engineering Council, 1987
- Member of the Institution of Civil Engineers, United Kingdom, 1985
- Member of the Institute of Engineers Malaysia (IEM), 1984
- Registered Professional Engineer with the Board of Engineers Malaysia (BEM)
- Master of Philosophy (Civil Engineering) degree, University Of Birmingham, United Kingdom, 1990
- Bachelor of Engineering (Honours) degree from the University of Malaya, 1979

### SKILLS & EXPERIENCE

Dato' Sri Ir Chong Ket Pen is the founder of Protasco Berhad Group of Companies. He is a road pavement specialist with extensive experience in the evaluation, design, construction and maintenance of roads and pavements.

Upon graduating from the University of Malaya in 1979, he joined the Public Works Department of Kelantan (JKR Kelantan) as a Road Design Engineer. He was promoted to the post of Project Engineer where he supervised the construction of roads and bridges in southern Kelantan. Equipped with invaluable design and site experience in roads and bridges, he was then transferred to the Design and Research Branch of the JKR Headquarters to become a Senior Research Engineer.

He pursued a Master's degree at the University of Birmingham while carrying out research works in the field of pavement engineering, before being conferred a Master of Philosophy (Civil Engineering) degree in 1990.

In 1991, he left the public sector and established Protasco Berhad.

Dato' Sri Ir Chong Ket Pen was appointed the Executive Chairman of Protasco Berhad on 1 January 2020.

### OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

Dato' Sri Ir Chong is currently the President of the KL-Selangor Hopo Association, Deputy President of the Federal Hopo Association of Malaysia, Chairman of the Malaysia Hopo Cultural Foundation and also the Vice President of the KL-Selangor Chinese Assembly Hall.

Profile of  
Directors**DATO' IR KENNY  
CHONG THER NEN**

Group Managing Director

Malaysian | Age 40 | Male

**TERM OF OFFICE**

Director of Protasco Berhad since 1 January 2020

**BOARD COMMITTEE**

None

**EDUCATION & QUALIFICATION**

- Professional Engineer, Board of Engineers Malaysia (BEM), 2010
- Corporate Member, Institute of Engineering, Malaysia (IEM), 2010
- A member of the Institute of Engineers, Australia, 2004
- Master of Engineering Science, University of Melbourne, Australia, 2005
- Bachelor of Civil Engineering (Honours), University of Melbourne, Australia, 2003

**SKILLS & EXPERIENCE**

Upon graduating with a Master in Engineering in 2005, Dato' Kenny was employed by VicRoads Australia as a Senior Pavement Engineer in Technical Consulting until 2008.

At VicRoads, he was exposed to design and supervision works for road pavements. In addition, he was also the principal engineer tasked to develop a condition assessment module for most of the major freeways in the state of Victoria.

Upon returning to Malaysia, he joined Kumpulan Ikram Sdn Bhd's Infrastructure Research & Development Center (IRDC) as a Senior Engineer. He was involved in geotechnical and pavement design works and various research works.

He was promoted to Director at Ikram Centre of Excellence for Sustainability & Green Technology (ICSG) where he drove the organisation's green technology thrust, which saw the implementation of sustainability best practices such as the 3R policies, reducing energy consumption across the group and setting up of a recycling collection centre in De Centrum City.

In 2012, he became the Special Assistant to the Group Managing Director of Protasco Berhad, where he assisted in enhancing operation and business development efforts.

Thereafter, Dato' Kenny assumed greater responsibilities since he was appointed Executive Director for International Business & Property Development Division of Protasco Berhad in 2013. He was promoted to Managing Director of Protasco Berhad's Property & Infrastructure Division in 2014. Under his helm, the Division secured several government housing projects, specifically the Projek Perumahan Penjawat Awam that had a contract value of close to RM1 billion.

Prior to his appointment as the Group Managing Director of Protasco Berhad on 1 January 2020, he was the Managing Director responsible for the Construction Division, Property Division, Trading & Manufacturing Division, Corporate Security and Special Projects.

**OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES**

None

*Dato' Ir Kenny Chong Ther Nen is the eldest son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad.*

## Profile of Directors

# DATO' SRI SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN

Executive Director

Malaysian | Age 56 | Male

### TERM OF OFFICE

Director of Protasco Berhad since  
16 December 2014

### BOARD COMMITTEE

None

### EDUCATION & QUALIFICATION

- Certificate in Business Management,  
Malay Chamber of Commerce  
(BBMC), 1988

### SKILLS & EXPERIENCE

Dato' Sri Muzaffar Syah brings with him years of invaluable experience in business development.

He was the Chief Executive Officer of Molek Engineering Sdn Bhd from 2001 to 2012. He also served as a Director in GIA Consult Sdn Bhd from 2006 to 2012 and Papan Agro Valley Sdn Bhd from 2007 to 2012.

He is currently the Managing Director of the Maintenance Division of Protasco Berhad.

### OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

None

Profile of  
Directors**SUHAIMI BIN  
BADRUL JAMIL**Independent Non-Executive  
Director

Malaysian | Age 58 | Male

**TERM OF OFFICE**

Director of Protasco Berhad since 16 December 2014

**BOARD COMMITTEE**

Chairman of the Audit Committee

**EDUCATION & QUALIFICATION**

- Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants
- Fellow of CPA Australia
- Master of Business Administration from Deakin University, Australia, 2004
- Graduate Diploma in Accounting, Australian National University, 1986
- Bachelor of Economics (with specialisation in Accounting), Australian National University, 1985

**SKILLS & EXPERIENCE**

Suhaimi possesses invaluable experience and skills in leadership, corporate transformation, value management, corporate finance, corporate restructuring, risk management, turnaround management, cross border investments in South East Asia, mergers & acquisitions and strategic management.

He started his career in an international Chartered Accounting firm in the audit and financial consulting department. He then joined the corporate sector and held various senior positions such as Group Financial Controller, Group General Manager and finally as Group Executive Director in a Malaysian conglomerate whose activities include property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings.

He has held various board directorships in public listed companies as well as licensed financial institutions. Among the companies in which he was a board member were MEMS Technology Berhad as Chairman of the Board, Petra Energy Berhad, Credit Corporation (M) Berhad, MIMB Investment Bank Berhad, Gadek Capital Berhad, SPK-Sentosa Corporation Berhad, Intrakota Consolidated Berhad, eB Capital Berhad and SJ Kumpulan Berhad. He was also an Executive Director with Ferrier Hodgson MH and Baker Tilly MH.

**OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES**

He is the Group CEO of WZ Satu Berhad & Director of WZ Satu Group of Companies.

## Profile of Directors

# DATO' TAN YEE BOON

Independent Non-Executive  
Director

Malaysian | Age 46 | Male

### TERM OF OFFICE

Director of Protasco Berhad since  
18 January 2013

### BOARD COMMITTEE

- Chairman of the Nomination & Remuneration Committee
- A member of the Audit Committee
- A member of the Board Risk Management Committee

### EDUCATION & QUALIFICATION

- Admitted as an Advocate & Solicitor, High Court of Malaya, 1999
- Certificate of Legal Practice from Malaysia, 1998
- Bachelor of Law (Honours) degree from University of South Wales, 1997

### SKILLS & EXPERIENCE

Dato' Tan Yee Boon possesses more than 20 years of experience in contentious and non-contentious legal matters with specialisation in corporate, commercial, litigation and advisory works.

Dato' Tan focused on matters such as initial public offering, transactions involving public listed companies, mergers and acquisitions and has acted for various listed companies in matters relating to listing requirements and the Takeover Code.

He also has vast experience in compliance and advisory work for listed companies in Malaysia as well as general commercial work such as corporate restructuring and cross-border transactions.

### OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

He is a Director of Central Global Berhad, Binasat Communications Berhad and Daya Materials Berhad. He is also Director of companies listed on the Hong Kong Stock Exchange such as China Dynamic Holdings Limited and TIL Enviro Limited.

# IR TAN HENG KUI

Non-Independent Non-Executive  
Director

Malaysian | Age 64 | Male

## TERM OF OFFICE

Director of Protasco Berhad since 10 December 2012

## BOARD COMMITTEE

- Chairman of the Board Risk Management Committee
- A member of the Nomination & Remuneration Committee

## EDUCATION & QUALIFICATION

- Professional Engineer registered with the Board of Engineers Malaysia (BEM)
- Chartered Engineer with the Engineering Council, United Kingdom
- Honorary Fellow with the ASEAN Federation of Engineering Organisation (AFEO)
- Bachelor of Science (Honours) degree in Civil Engineering from the University of Wales, United Kingdom, 1981

## SKILLS & EXPERIENCE

Ir Tan Heng Kui has more than 30 years of practical experience in the local engineering industry, mainly in water resources and waste water engineering projects.

His other professional and community services include holding various positions such as National Vice President of the Institution of Engineers Malaysia (IEM) from 1999 to 2004; President of Sabah Engineers Association and President of the Rotary Club of Likas Bay. He was also the Chairman of IEM Sabah Branch from 1995 to 1997; Chairman of the IEM Arbitration Nomination Committee and also the IEM Professional Practice Standing Committee from 1999 to 2004.

Ir Tan Heng Kui was a member of the Professional Practice Committee of BEM from 2001 to 2004 and a member of Dewan Bandaraya Kota Kinabalu High Risk Building Committee from 1995 to 2002.

In 2015, he was conferred the Honorary Fellow of the Asean Federation of Engineering Organisations in recognition of his contribution to the engineering community.

## OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

Ir Tan Heng Kui has been a Director of Press Metal Aluminum Holdings Berhad since 2001. In 2017, he was appointed the Honorary Consul of the Czech Republic for Sabah.

## Profile of Directors

# THAM WEI MEI

Independent Non-Executive  
Director

Malaysian | Age 54 | Female

### TERM OF OFFICE

Director of Protasco Berhad since  
1 January 2018

### BOARD COMMITTEE

- A member of the Nomination & Remuneration Committee

### EDUCATION & QUALIFICATION

- Degree in Mass Communications,  
Universiti Sains Malaysia

### SKILLS & EXPERIENCE

Tham Wei Mei has over 30 years of experience in the fields of mass media, communications, journalism, marketing, publishing and public relations, having served companies locally and abroad.

Her career started in Jakarta before she headed to Cambodia. Based in Phnom Penh, she was a journalist and Assistant Bureau Chief for The Cambodia Times newspapers which were published in English and Khmer languages.

While in Cambodia, Tham was also the principal writer and key servicing person to manage the publishing of a United Nations newsletter, called The Peacekeeper.

Upon leaving Cambodia, she returned to Malaysia to serve in a US telco services company with clients in Hong Kong, Singapore, Indonesia and Thailand. She left to set up Alpha Platform Sdn Bhd, a public relations consultancy. With clients from the government, state institutions, multinationals and financial institutions, Tham provides strategic advisory as well as execution of public relations campaigns on some of the country's largest issues.

She has served GLCs, MNCs and government agencies, working on national issues, crisis, lobbying, mergers & acquisitions as well as on corporate exercises. She is also actively involved in social media campaigns.

### OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

None

# CELINE CHAN HOOLI LI

Independent Non-Executive  
Director

Malaysian | Age 51 | Female

## TERM OF OFFICE

Director of Protasco Berhad since 1 January 2020

## BOARD COMMITTEE

- A member of Board Risk Management Committee
- A member of Audit Committee

## EDUCATION & QUALIFICATION

- Degree in Business (Accountancy) from RMIT Melbourne Australia, 1993

## SKILLS & EXPERIENCE

Celine was appointed as the Managing Director of Asia Pacific for Webhelp in 2018.

She graduated from RMIT Melbourne, Australia with a Bachelor of Business (Accounting). She started her working career as an accountant in one of the major accounting firms before moving to a start-up company in records management company, before growing it into a leading player in Malaysia. She was the CEO of one of the largest share registrar company in Malaysia, and CEO & Managing Director of TMF Trustees prior to joining Webhelp APAC.

Celine has more than 20 years of experience in the service industry, in senior management positions in various industries, including logistics, IT & business process outsourcing and capital markets.

## OTHER PUBLIC COMPANY DIRECTORSHIP & OFFICES

None

### Notes:

- Save as per disclosed, none of the Directors have any family relationship with each other and with any substantial shareholders of the Company.
- None of the Directors have any conviction for offences, other than traffic offences, for the past five years and have no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.
- Other than Dato' Sri Ir Chong Ket Pen and Ir Tan Heng Kui's interests in related party transactions as disclosed in Note 43 on page 177 of the Financial Statements, none of the other Directors have conflict of interest with the Company.
- The Directors' shareholdings in the Company are disclosed in the Analysis of Shareholdings section of the Annual Report. Other than Ir Tan Heng Kui, none of the other Directors hold any shares in the subsidiaries of the Company.

## SENIOR MANAGEMENT TEAM



▲  
Left to right:  
**Denny Chong Ther Shern**  
Executive Director,  
Clean Energy Division

**Dato' Ir Kenny Chong Ther Nen**  
Group Managing Director,  
Protasco Berhad

**Dato' Wan Imran Bin Wan Omar**  
Chief Executive Officer,  
Maintenance Division

◀  
Left to right:  
**Alan Low Kian Seng**  
Chief Operating Officer,  
Protasco Berhad  
Executive Director, Group  
Corporate Office

**Benny Chong Ther Vern**  
Executive Director, Engineering,  
Industries & Agri ventures Division

Senior  
Management Team

Left to right:

**Professor Dr Ideris Bin Zakaria**

President & Vice-Chancellor,  
Education Division

**Ir Edward Khoo Mong Wei**

Executive Director,  
Property & Construction  
Division

\* Not in the picture

**Dato' Sri Su - Azian @ Muzaffar  
Syah Bin Abd Rahman**  
Managing Director,  
Maintenance Division



Left to right:

**Dato' Haji Mohd Taufik Bin Haron**

Chief Executive Officer,  
Engineering & Consultancy  
Services Division

**Freddie Cheong Kah Wang**

Chief Financial Officer,  
Protasco Berhad

**Dato' Ronnie Yap Kee Tian**

Executive Director,  
Trading & Manufacturing  
Division

## PROFILE OF SENIOR MANAGEMENT TEAM

### DATO' IR KENNY CHONG THER NEN

Group Managing Director, Protasco Berhad

Malaysian | 40 | Male



Please refer to profile of Directors on page 43.

### DATO' SRI SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN

Managing Director, Maintenance Division

Malaysian | 56 | Male



Please refer to profile of Directors on page 44.

### ALAN LOW KIAN SENG

Chief Operating Officer, Protasco Berhad  
Executive Director, Group Corporate Office

Malaysian | 50 | Male

#### WORK EXPERIENCE

- Chief Operating Officer, Protasco Berhad, 2020
- Executive Director, Group Corporate Office, Protasco Berhad, 2018
- Chief Operating Officer, Infrastructure University Kuala Lumpur, 2018
- Director, Strategic Planning & Advisory Services, Protasco Berhad, 2017
- Director, Corporate Office, Protasco Berhad, 2016
- Director, International Business, Protasco Berhad, 2013
- General Manager, Protasco Trading Sdn Bhd, 2012
- General Manager, XiMAX Communications Sdn Bhd, 2008
- Senior Manager, QP Industries Sdn Bhd, 2006
- Manager, Operations, Protasco Trading Sdn Bhd, 2003
- Accountant, Kumpulan IKRAM Sdn Bhd, 1997

#### QUALIFICATION

- Chartered Accountant, Malaysian Institute of Accountants, 2013
- CPA Australia, 2013
- Bachelor of Commerce (Accounting), University of Southern Queensland, Australia, 2000
- Diploma in Business Studies, HELP Institute, 1995
- Third Level Group Diploma in Accounting, London Chamber of Commerce and Industry (LCCI), 1991

#### DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2013

Profile of  
Senior Management Team**FREDDIE CHEONG KAH WANG**

Chief Financial Officer, Protasco Berhad

Malaysian | 54 | Male

**WORK EXPERIENCE**

- Chief Financial Officer, Vertice Berhad, 2018
- Associate Director, Sierac Corporate Advisers Sdn Bhd, 2012
- Group Financial Controller, Malaysia Pacific Corporation Berhad, 2012
- Project Manager – Finance, Powertek Berhad, 2011
- Head Of Finance, Mahmood Security (Malaysia) Sdn Bhd, 2008
- Senior Finance Manager, Ranhill Berhad, 2005
- Financial Controller, Steel Circle Industries Sdn Bhd, 2000
- Finance & Administration Manager, Impsa Asia Sdn Bhd, 1997
- Accountant, Aggreko (Malaysia) Sdn Bhd, 1995
- Accountant, Malaysian United Manufacturing Berhad, 1993
- Executive, Pacific & Orient Insurance Company Sdn Bhd, 1989

**QUALIFICATION**

- Chartered Accountant, Malaysian Institute of Accountants, 1993
- Association of Certified and Chartered Accountants, United Kingdom, 1993

**DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION**

July 2019

**BENNY CHONG THER VERN**

Executive Director, Engineering, Industries &amp; Agriventures Division

Malaysian | 38 | Male

**WORK EXPERIENCE**

- Executive Director, Protasco Berhad, 2019 (Engineering, Education & Industries)
- Executive Director, Protasco Berhad, 2018 (Engineering & Consultancy Services, Education and Clean Energy)
- Executive Director, Group Corporate Office, Protasco Berhad, 2017
- Business Development Consultant, Protasco Berhad & Head of De Centrum Mall, De Centrum Development Sdn Bhd, 2016
- Managing Director, Tutti Frutti Australia Pty Ltd, 2011
- Head of After Sales Service, XiMAX Communications Sdn Bhd, 2009
- Electronic Engineer, XiMAX Communications Sdn Bhd, 2006

**QUALIFICATION**

- Master of Sustainable Energy, RMIT University, Melbourne, Australia, 2011
- Master of Finance, RMIT University, Melbourne, Australia, 2005
- Bachelor of Electronic Engineering (Honours), RMIT University, Melbourne, Australia, 2003
- Graduate Member, Institute of Engineers, Malaysia, 2010

**DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION**

January 2017

*Benny Chong Ther Vern is the son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad, and sibling of Dato' Ir Kenny Chong Ther Nen, Group Managing Director.*

## Profile of Senior Management Team

### DENNY CHONG THER SHERN

Executive Director, Clean Energy Division

Malaysian | 34 | Male

#### WORK EXPERIENCE

- Director, Clean Energy Division, 2018
- Director, IKRAM Greentech Sdn Bhd, i2 Energy Sdn Bhd, i2 Solarpark One Sdn Bhd, 2017
- Head, Special Projects, Protasco Berhad, 2015
- Technical Head, Special Projects, Protasco Berhad, 2014
- Project Manager, C&H Engineering Consultants Sdn Bhd, 2013
- Project Engineer, C&H Engineering Consultants Sdn Bhd, 2011

#### QUALIFICATION

- Masters in Environmental Engineering, University of Melbourne, Australia, 2010
- Bachelor of Engineering (Civil), (Honours), University of Melbourne, Australia, 2009

#### DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2018

### IR EDWARD KHOO MONG WEI

Executive Director, Property & Construction Division

Malaysian | 43 | Male

#### WORK EXPERIENCE

- Executive Director, Property Development Division, Protasco Berhad, 2013
- Director, Protasco Development Sdn Bhd, 2013
- Project Director, Protasco Development Sdn Bhd, 2009
- Project Engineer, with Cardno Grogans Richards in Melbourne, Australia, 2007
- Project Manager, Mahajaya Berhad, 2004
- Structural Engineer, Sepakat Setia Perunding, 2001

#### QUALIFICATION

- Chartered Professional Engineer Of Australia (CP Eng), 2007
- Professional Engineer Membership, National Professional Engineering Register, Australia (NPER), 2007
- Professional Engineer Membership, Board of Engineer Malaysia (BEM), 2006
- Professional Engineer Membership, Institute of Engineer Malaysia (IEM), 2006
- Green Building Index (GBI) Accredited Facilitator, 2010
- Bachelor of Engineering (Civil), (Honours), University of Melbourne, Australia, 2000

#### DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2009

*Denny Chong Ther Shern is the son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad, and sibling of Dato' Ir Kenny Chong Ther Nen, Group Managing Director.*

Profile of  
Senior Management Team**DATO' RONNIE YAP KEE TIAN**

Executive Director, Trading &amp; Manufacturing Division

Malaysian | 47 | Male

**WORK EXPERIENCE**

- Executive Director, Protasco Trading Sdn Bhd, 2014
- General Manager, Protasco Trading Sdn Bhd, 2001
- Assistant Manager, Marketing, Protasco Trading Sdn Bhd, 1997

**QUALIFICATION**

- B.A. (Honours) in Business Administration, University of Coventry, United Kingdom, 1995
- Certificate in Business Administration & Higher Diploma Business Administration, INTI College, Petaling Jaya, 1994

**DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION**

July 2001

**DATO' WAN IMRAN BIN WAN OMAR**

Chief Executive Officer, Maintenance Division

Malaysian | 47 | Male

**WORK EXPERIENCE**

- Chief Operating Officer, Maintenance Division, 2015
- Assistant General Manager, Roadcare (M) Sdn Bhd, 2013
- Contracts Manager, Roadcare (M) Sdn Bhd, 2007
- Area Manager Kerteh, Roadcare (M) Sdn Bhd, 2007
- Quantity Surveyor, Roadcare (M) Sdn Bhd, 2006
- Contracts Officer Kelantan, Roadcare (M) Sdn Bhd, 2002
- Senior Quantity Surveyor, Pasir Puteh Development Corporation Sdn Bhd, 2001
- Site Quantity Surveyor, Ranhill Bersekutu Sdn Bhd, 1999
- Assistant Contract Manager, Pengurusan KPRJ Ranhill Sdn Bhd, 1997

**QUALIFICATION**

- Master of Business Administration (Construction Business), International Islamic University Malaysia, 2015
- Bachelor in Quantity Surveying, Universiti Teknologi Malaysia, 1997

**DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION**

September 2015

## Profile of Senior Management Team

### PROFESSOR DR IDERIS BIN ZAKARIA

President & Vice-Chancellor, Education Division

Malaysian | 68 | Male

#### WORK EXPERIENCE

- President & Vice-Chancellor, IUKL, 2018
- Professor, Infrastructure University Kuala Lumpur (IUKL), 2013
- Vice President/Deputy Vice Chancellor (Academic & Research), IUKL, 2013
- Dean, Faculty of Civil Engineering & Earth Resources, UMP, 2008
- Professor, Universiti Malaysia Pahang (UMP), 2007
- Dean, School of Engineering & IT, UMS, 2004
- Deputy Dean (R&D), School of Engineering & IT, UMS, 2001
- Associate Professor, Universiti Malaysia Sabah (UMS), 2000
- Deputy Dean (Academic) Faculty of Civil Eng, UiTM, 1996
- Senior Lecturer, UiTM, 1996
- HML Consultancy Sdn Bhd, 1996
- Course Tutor Diploma, UiTM, 1995
- Wan Mohamed & Khoo Consulting Engineers, 1990
- Course Tutor Diploma, UiTM, 1988
- Jurutera Konsultant (SEA) Sdn Bhd, 1982
- Perbadanan Pembangunan Bandar (UDA), Kuala Lumpur, 1982
- Lecturer, UiTM, 1981

#### QUALIFICATION

- PhD (Geotechnical Engineering) University of Sheffield, 1995
- MSc (Civil Engineering) University of Glasgow, 1987
- B Eng (Honours) (Civil), Universiti Teknologi MARA (UiTM), 1981
- Diploma (Civil Engineering), Universiti Teknikal Melaka (UTM), 1976

#### DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

August 2013

### DATO' HAJI MOHD TAUFIK BIN HARON

Chief Executive Officer, Engineering & Consultancy  
Services Division

Malaysian | 48 | Male

#### WORK EXPERIENCE

- Chief Executive Officer, Kumpulan IKRAM Sdn Bhd, 2019
- Executive Director (Group Business Development), Roadcare (M) Sdn Bhd, 2018
- Executive Director, HCM Engineering Sdn Bhd, 2016
- Chief Operating Officer, Protasco Berhad, 2014
- Chief Operating Officer, Kumpulan IKRAM Sdn Bhd, 2013
- Head of Geotechnical Forensic Unit, Kumpulan IKRAM Sdn Bhd, 2007
- Senior Engineer, Kumpulan IKRAM Sdn Bhd, 2005
- Senior Engineer (Research & Development Centre), Kuala Lumpur Infrastructure University College (KLIUC), 2003
- Geotechnical Engineer, IKRAM R&D Centre, 2002
- Geotechnical Engineer, IKRAM Runding Sdn Bhd, 2001
- Project Engineer, Geopancar Sdn Bhd, 2000
- Project Manager, Shinei Engineering & Bauer, 1999
- Site Manager, Bachy Soletanche (M) Sdn Bhd, 1998
- Trainee Engineer, Bachy Soletanche (M) Sdn Bhd, 1996

#### QUALIFICATION

- Bachelor in Civil Engineering, Universiti Putra Malaysia, 1997
- Professional Engineer Membership, Board of Engineers Malaysia (BEM), 2014
- Professional Engineer Membership, Institute of Engineers Malaysia (IEM), 2015

#### DATE APPOINTED TO KEY SENIOR MANAGEMENT POSITION

January 2014

#### Notes:

- (i) Save as per disclosed, none of the Senior Management have:
- any family relationship with any Directors and/or major shareholders of the Company
  - any conflict of interest with the Company
  - any directorship in public companies

- (ii) None of the Senior Management have any convictions for offences other than traffic offences within the past five years.
- (iii) None of the Senior Management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 31 December 2020.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

The Audit Committee (“AC”) comprises of three members, all of whom are Independent Non-Executive Directors.

As at the date of this Annual Report, the composition of the AC is as follows:

Members	Date of Appointment
Suhaimi Bin Badrul Jamil <i>Chairman (Independent Non-Executive Director)</i>	16 <sup>th</sup> December 2014
Dato’ Tan Yee Boon <i>Member (Independent Non-Executive Director)</i>	7 <sup>th</sup> August 2014
Celine Chan Hooi Li <i>Member (Independent Non-Executive Director)</i>	1 <sup>st</sup> January 2020

The current composition of the AC and the qualifications of its members comply with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

The Nomination and Remuneration Committee reviews the terms of office and performance of the AC and each of its members annually to determine whether they have carried out their duties in accordance with their terms of reference.

## MEETINGS

A total of five (5) AC meetings were held during the financial year ended (“FYE”) 31 December 2020 and the attendance of the meetings are as follows:

Members	No. of Meetings Attended
Suhaimi Bin Badrul Jamil	5/5
Dato’ Tan Yee Boon	3/5
Celine Chan Hooi Li	5/5

Four (4) of five (5) meetings were hybrid meetings<sup>1</sup> conducted while adhering to the Standard Operating Procedures (“SOP”) set by the Ministry of Health for COVID-19 prevention at workplace.

The Company’s Chief Financial Officer (“CFO”) was invited to attend the meetings to facilitate deliberations as well as to provide clarification on external audit issues. The meetings were also attended by Head of Corporate Assurance<sup>2</sup> to present internal audit reports and upon invitation, the external auditors, to discuss Management Letters, Audit Review Memorandum and other matters deemed relevant.

The Company Secretaries act as secretary to the AC. The Company Secretaries shall cause minutes to be entered in the books for the purpose of recording all resolutions and proceedings of minutes which shall be kept at the registered office of the Company for inspection by any member of the AC or the Board. Such minutes shall be signed by the Chairman of the meeting and if so signed, shall be conclusive evidence without any further proof of the facts. Minutes of each meeting shall also be distributed to all attendees of the AC meetings and presented to the members of the Board at the Board meeting for noting. The AC, through its Chairman, shall report to the Board at the next Board meeting after each AC meeting. When presenting any recommendation to the Board, the AC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

<sup>1</sup> Video conferencing meetings were held via Zoom Meeting for AC members and attendees who chose not to attend the meetings physically at the Corporate Office of Protasco Berhad.

<sup>2</sup> Effective from 1 October 2020, the Internal Audit Department is known as Corporate Assurance Department (“CAD”) with the merger of Internal Audit Department and Compliance Department. The designation of Head of Internal Audit has been changed to Head of Corporate Assurance. The number of manpower in the department has increased from four (4) to six (6) personnel.

## Audit Committee Report

### SUMMARY OF WORKS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the financial year 2020, the AC carried out its duties as set out in its Terms of Reference. A summary of works performed by the AC are as follows:

#### 1) Financial Reporting

- a) Reviewed the Group's quarterly unaudited financial results and audited financial statements to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending to the Board for approval.
- b) Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
- c) Obtained assurance from the Chief Financial Officer that:
  - i) appropriate accounting policies had been adopted and applied consistently;
  - ii) the going concern basis applied in the audited financial statements and quarterly financial results was appropriate;
  - iii) adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the Financial Reporting Standards and MMLR; and
  - iv) the relevant financial statements for the financial year ended 31 December 2020 gave a true and fair view of the state of affairs of the Group.

#### 2) External Audit

- a) The AC was briefed by the External Auditors on the Audit Review Memorandum in respect of the audit for the financial year ended 31 December 2019.
- b) The draft Audited Financial Report for financial year 2019 was tabled to the AC for review and deliberation, and recommendations were made to the Board for approval.
- c) The AC reviewed and approved the draft Statement on Risk Management and Internal Control ("SRMIC") for recommendation to the Board subject to clearance to be received from the External Auditors.
- d) The AC conducted an assessment of External Auditors and reviewed the competencies and resources, provision of non-audit services, rotation of audit partner and communications with the Management.

The AC was satisfied with the External Auditors' technical competency and audit independence. As such, the AC agreed to propose for the re-appointment of External Auditors for the next financial year.

- e) The AC held private meetings with the External Auditors twice during the financial year under review on 25 February 2020 and 20 November 2020 without the presence of the Management.

#### 3) Internal Audit

- a) The AC reviewed and deliberated on audit reports, follow-up reports, audit recommendations and management responses, prepared by the Corporate Assurance Department ("CAD") at AC's quarterly meetings.
- b) The AC reviewed and approved the Annual Internal Audit Plan for Financial Year 2021 as proposed by the Head of Corporate Assurance, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.

## Audit Committee Report

- c) The AC reviewed the corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- d) The AC reviewed the structure of CAD and adequacy of its resources and budget.
- e) The AC reviewed the AC Report prepared by Head of Corporate Assurance for inclusion in the Annual Report 2019.

### INTERNAL AUDIT FUNCTION

The CAD reports to the AC and assists the Board in monitoring and managing risks and internal controls.

The principal responsibility of CAD is to undertake an independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that internal controls and risks are satisfactorily monitored and managed within the Group.

The reviews were performed in accordance with the International Professional Practices Framework ("IPPF"). This involved compliance to its code of ethics, commitment to ongoing learning, improvement to its skills and competency and risk-based audit works.

CAD had carried out the following works during the financial year to achieve the above objectives:

- i) Reviewing and assessing the effectiveness and adequacy of risk management and internal controls of various operating divisions within the Group;
- ii) Conducting special reviews, audits and investigations on an ad-hoc basis as requested by the AC or the Management;
- iii) Reviewing and assessing compliance with established policies and procedures;
- iv) Identifying opportunities to improve the operations and business processes in the Group; and
- v) Recommending improvements on the existing internal controls in the Group.

Total costs incurred by CAD to discharge its functions and responsibilities in 2020 were approximately RM330,000.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Protasco Berhad (“the Board”) believes in good corporate governance practices that are in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance 2017 (MCCG 2017).

## THE ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is aware of its accountability to the shareholders and various stakeholders of Protasco Berhad in discharging its duty and regulatory role in building a sustainability business.

The Board is responsible for delivering shareholder value over the long term through the Group’s culture, strategy, values and governance. The Independent Directors have a particular responsibility in challenging the Group’s strategy and monitoring the performance of Executive Directors against goals and objectives.

The Board is supported by the Audit, Nomination and Remuneration and Risk Management Committees.

Decisions on operational matters and the day-to-day management of the business are delegated to the Group Managing Director and senior management. This includes implementing group policy and procedures, managing clients and contractor services, monitoring financial performance and human resource management.

### Board Charter

The Board has adopted a Board Charter which serves as a reference for the Directors.

The Board Charter sets out the roles, functions, composition, operations and processes of the Board which is intended to ensure that all the Board members are fully aware of their obligation in discharging their duties and responsibilities.

The Board Charter is subject to periodic review by the Board to ensure that it remains consistent with the Board’s roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available for reference at the company’s website [www.protasco.com.my](http://www.protasco.com.my).

### Code of Conducts

A Director’s Code of Conducts is set out as the rules and values for the Directors in conducting their duties and responsibilities to the highest ethical standards.

The Director’s Code of Conduct is available for reference at the company’s website [www.protasco.com.my](http://www.protasco.com.my).

### Board Information

Board papers containing current quarter results, business plans, proposed projects, business risk, governance and litigation updates are distributed in advance of the meeting to allow Directors to have sufficient time for preparation. The Board received presentations from the Group Managing Director and senior management on issues within the Group.

### Company Secretary

Both company secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016. They are both Associates members of the Malaysia Institute of Chartered Secretaries and Administrators (“MAICSA”). The company secretaries provide support to the Board in fulfilling their fiduciary duties. They are responsible in advising the Board with regards to the Company’s constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations as well as best practices of corporate governance. All Directors have access to the advice and services of the company secretaries. The company secretaries ensure deliberations of Board and Board Committee meetings are well documented and maintained at the registered office of the Company.

## Corporate Governance Overview Statement

### Promote Sustainability

The Board recognises that sustainability is an integral part of its business. It supports the environmental, economic and social sustainability in business operations.

For further information, please refer to the Sustainability Report on pages 19 to 39.

The Sustainability Policy is available for reference at the company's website [www.protasco.com.my](http://www.protasco.com.my).

### Professional Advice

The Company provides the Board with full assistance and gives it complete access to necessary materials and relevant information. Together with proper counsel from qualified company secretaries and others, the Board has been able to discharge its functions properly. The Directors are also encouraged to make verifications and endorsements, and to seek external guidance.

### Whistleblowing

The Board encourages employees and associates to report suspected or known misconduct, wrongdoing, corruption and instances of fraud, waste, and abuse involving the resources of the Group.

Whistleblowing Policy enables employees and associates to raise their concerns without fear.

The Whistleblowing Policy is available for reference at the company's website [www.protasco.com.my](http://www.protasco.com.my).

The following channels should be used by employees and associates to raise their concerns:

- Via email : [whistleblow@protasco.com.my](mailto:whistleblow@protasco.com.my)
- In writing to : The Chairman of the Audit Committee, Protasco Berhad,  
2<sup>nd</sup> Floor, Corporate Block,  
Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor.  
Tel: 03 8738 3388

### Composition of the Board

The Board aims to have diversity of skills, experience, knowledge and gender. The profiles of the Directors are set out on pages 42 to 49. These demonstrate a broad range of experience, expertise and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

At present, there are eight members of the Board comprising four Independent Non-Executive Directors, one Non-Independent Non-Executive Director and three Executive Directors.

### Appointments and Re-Election of Directors

In compliance with the Company's Constitution, at each Annual General Meeting (AGM), one-third (1/3) of Directors or if their number is not three, the number nearest to one-third (1/3), shall retire from office at least once in three years. The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

The Nomination and Remuneration Committee will assess the Directors who are due for re-election at the AGM based on the result of the annual performance evaluation and will submit its recommendation to the Board for approval.

## Corporate Governance Overview Statement

### Board Performance Evaluation

The Board undertakes performance evaluation annually which comprises Board assessment, self-assessment and assessment on board committees. The Chairman of the Nomination and Remuneration Committee will be presented with the analysis of the overall performance evaluation to be deliberated in the Nomination and Remuneration Committee meetings. The Nomination and Remuneration Committee will assess and identify areas which require improvement and recommend them to the Board for action.

### Independence

The Board considers that, notwithstanding their interests in the shares of the Company as set out in the Directors' Interest on pages 80 to 81 of the Directors' Report, all of the current Independent Directors are independent of the management of the Group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Pursuant to the Succession Planning Policy of the Company, the tenure of an Independent Director is capped at nine years of continuous service. In the event the Board intends to retain any Director as an Independent Director who has served beyond a consecutive or a cumulative term of nine years, the Board should justify and seek approval from the shareholders at the Company's AGM.

At the date of the Annual Report, none of the four Independent Directors have served the Company for more than a cumulative term of nine years.

### Chairman and Group Managing Director

The roles of Executive Chairman and Group Managing Director are held by separate persons and they have different responsibilities as set out in the Board Charter.

The Board is led by the Executive Chairman who is accountable for ensuring the effectiveness of the governance process of the Board. He provides leadership and ensures all strategic and critical issues are discussed by the Board in a timely manner.

The Group Managing Director is responsible for the management of the Group's business, decision making and managing day-to-day operations.

### Board Meetings

During the year under review, five Board meetings were held. Details of Directors' attendance are set out as follows:

Board meeting attended in 2020	
Dato' Sri Ir Chong Ket Pen	5/5
Dato' Ir Kenny Chong Ther Nen	5/5
Dato' Sri Su-Azian @ Muzaffar Bin Abd Rahman	5/5
Dato' Tan Yee Boon	5/5
Suhaimi Bin Badrul Jamil	5/5
Ir Tan Heng Kui	5/5
Tham Wei Mei	5/5
Celine Chan Hooi Li	5/5

## Corporate Governance Overview Statement

**Directors' Training**

Details of training programmes, conferences and forums attended by the Directors during the year under review are set out as follows:

Name	Date	Description of Training
Dato' Sri Ir Chong Ket Pen	30 September 2020	Demystifying the Future of Work, Boardroom Corporate Services Sdn. Bhd.
	12 November 2020	Going Remote: Implications of Alternative Work Arrangements, Boardroom Corporate Services Sdn. Bhd.
Dato' Ir Kenny Chong Ther Nen	30 March - 1 April 2020	Mandatory Accreditation Programme, ICLiF.
	30 September 2020	Demystifying the Future of Work, Boardroom Corporate Services Sdn. Bhd.
	2 November 2020	Fraud Risk Management Workshops, Bursa Malaysia
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	21 October 2020	Board Culture: Building Resilience To Systemic Shocks, NASDAQ Governance Solutions.
Dato' Tan Yee Boon	30 September 2020	Demystifying the Future of Work, Boardroom Corporate Services Sdn. Bhd.
Ir Tan Heng Kui	30 September 2020	Demystifying the Future of Work, Boardroom Corporate Services Sdn. Bhd.
	12 November 2020	Going Remote: Implications of Alternative Work Arrangements, Boardroom Corporate Services Sdn. Bhd.
Suhaimi Bin Badrul Jamil	21 October 2020	Board Culture: Building Resilience To Systemic Shocks, NASDAQ Governance Solutions.
Tham Wei Mei	30 September 2020	Business Opportunities and Manufacturing Expansion in Malaysia, HKTDC.
	12 November 2020	Going Remote: Implications of Alternative Work Arrangements, Boardroom Corporate Services Sdn. Bhd.
Celine Chan Hooi Li	30 March - 1 April 2020	Mandatory Accreditation Programme, ICLiF.
	21 October 2020	Board Culture: Building Resilience To Systemic Shocks, NASDAQ Governance Solutions.
	3 November 2020	Fraud Risk Management Workshops, Bursa Malaysia
	12 November 2020	Going Remote: Implications of Alternative Work Arrangements, Boardroom Corporate Services Sdn. Bhd.

**FINANCIAL REPORTING**

The Board takes responsibility to ensure that financial statements are prepared in accordance with the regulatory requirements and applicable financial reporting in Malaysia. The Board deliberates on financial statements and ensures that the Group has used appropriate accounting policies, supported by reasonable, and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 76 to 213 of this Annual Report.

## Corporate Governance Overview Statement

### RELATIONSHIP WITH THE AUDITORS

Through the Audit Committee, the Group has established a professional, transparent and appropriate relationship with the Group's auditors, both internal and external, particularly in obtaining their professional advice towards ensuring full compliance with applicable accounting standards.

#### External Auditors

The Audit Committee met the external auditors twice during the year under review on 25 February 2020 and 20 November 2020 without the presence of the Executive Directors and Management to exchange independent views on matters which require the Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Crowe Malaysia PLT and the provision of non-audit services rendered by Crowe Malaysia PLT for financial year 2020.

Crowe Malaysia PLT confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year 2020.

Being satisfied with Crowe Malaysia PLT's performance, technical competency and audit independence, the Audit Committee recommended to the Board to put forth a proposal for the re-appointment of Crowe Malaysia PLT as external auditors for financial year ending 2021 at the forthcoming Annual General Meeting.

#### Internal Auditors

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit Department which provides support to the Audit Committee in dispensing its responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audit function is independent of the operations of the Group and reports directly to the Audit Committee.

The works of the internal auditors during 2020 are set out in the Audit Committee Report on pages 57 to 59 in this Annual Report.

### BOARD COMMITTEES

#### Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its responsibility. The full details of the composition, summary of the works of the Audit Committee are set out in the Audit Committee Report on page 57 of the Annual Report.

#### Board Risk Management Committee

The Board has established a Board Risk Management Committee ("BRMC") for the following primary objectives:-

- a. maintain a reliable and effective risk management practices. Such practices will identify, assess and monitor key business risks and to safeguard and enhance the Group's assets and shareholders' investments.
- b. review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

## Corporate Governance Overview Statement

- c. determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives and ensuring the execution and implementation of the Group's sustainability strategy, in order to continue generating economic value while reducing our environmental and social footprint, by monitoring the progress of the Group's sustainability initiatives through an effective governance framework against the set targets.

A Group Risk Management Committee ("GRMC") assists the BRMC in achieving its primary objectives.

GRMC comprises senior management staff from the Group Finance & Treasury and Group Corporate Office.

Significant risk, policy and procedure matters that require the attention of the Board are reported to the Board Risk Management Committee.

The Statement on Risk Management and Internal Control is set out on pages 68 of this Annual Report.

#### Nomination And Remuneration Committee

The Nomination and Remuneration Committee assists the Board on matters relating to Board appointments including the composition of the Board Committees, reviews the performance of the Directors and Board Committees, and reviews Board Directors and Executive Directors' remunerations.

A summary of the Nomination and Remuneration Committee's activities during the year is set out below:

- Review the performance of the Directors and Board Committees;
- Review the terms of office and performance of Audit Committee and each of its members;
- Review the management service agreement of the executive chairman and the group managing director;
- Review the training needs of Directors; and
- Review the Directors standing for re-election at the forthcoming Annual General Meeting.

Details of the Directors' Remunerations for the financial year ended 31 December 2020 are as follows:

	Director's Fee		Salary/Bonus/Benefits		Total
	Protasco Bhd (RM)	Subsidiary (RM)	Protasco Bhd (RM)	Subsidiary (RM)	
Dato' Sri Ir Chong Ket Pen	-	-	1,158,399	30,000	1,188,399
Dato' Ir Kenny Chong Ther Nen	-	-	466,200	-	466,200
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	-	-	651,025	617,025
Dato' Tan Yee Boon	51,000	-	6,000	-	57,000
Ir Tan Heng Kui	51,000	36,000	4,000	-	91,000
Suhaimi Bin Badrul Jamil	51,000	-	5,000	-	56,000
Tham Wei Mei	51,000	-	3,000	-	54,000
Celine Chan Hooi Li	51,000	-	6,000	-	57,000

## Corporate Governance Overview Statement

Top five Senior Management's Remuneration for the financial year ended 31 December 2020 are as follows:

Senior Management	
1. Dato' Ronnie Yap Kee Tian	
2. Freddie Cheong Kah Wang	
3. Alan Low Kian Seng	RM250,000 – RM300,000
4. Denny Chong Ther Shern	
5. Benny Chong Ther Vern	RM300,001 – RM350,000

### CORPORATE DISCLOSURE

To ensure quality disclosure, the Company has a corporate disclosure policy to ensure accurate, clear and timely disclosure of material information and take reasonable steps to ensure that the general public has access to such information. The Company is committed to communicate the Company's strategy, operational performance, financial results, and other material developments to Bursa Malaysia, analysts, investors, shareholders, and other stakeholders in a timely, open and comprehensive manner.

The Corporate Disclosure Policy is available at [www.protasco.com.my](http://www.protasco.com.my).

### GROUP CORPORATE WEBSITE

The Board is committed to leverage on information technology for effective dissemination of information in a timely manner. Protasco's corporate website ([www.protasco.com.my](http://www.protasco.com.my)) provides easy access to information about the Group. Information available on the corporate website includes Protasco's corporate profile, Board of Directors and Group senior management, financial results, annual reports, Group newsletters and latest corporate news.

In addition, stakeholders can obtain regulatory announcements made by Protasco to Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### ANNUAL REPORT

The Company's annual report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. An online version of the Annual Report is also available on Protasco's corporate website.

### ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") is the main delivery channel for dialogue with all shareholders. They are encouraged and are given opportunities to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns.

The notices of AGM are sent out to shareholders at least 28 days before the date of the meeting exceeding the 21 days requirement under the Companies Act 2016 and Listing Requirements.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also contact the Company with their queries.

## Corporate Governance Overview Statement

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of shareholder's rights are available at [www.protasco.com.my](http://www.protasco.com.my).

In line with the Listing Requirements on strengthening good Corporate Governance Practice, the Company has conducted electronic poll voting in General Meeting. An independent party is appointed to validate the votes cast at the AGM.

### INVESTOR RELATIONS

The Company's Investor Relations Department plays an important role in conducting regular dialogues and discussions with shareholders, fund managers, journalists and financial analysts to update them on business performance, operations and corporate developments as well as obtaining feedback and discuss matters of common interests.

In addition, the Company releases its financial results and other mandatory announcements on a timely basis and responds promptly to enquiries from investors, regulators, the public and financial analysts.

The Company has a dedicated website, [www.protasco.com.my](http://www.protasco.com.my), designed to assist its stakeholders. The Company has subscribed to Bursa Malaysia website linking service so that the Company's announcements made to Bursa Malaysia can be retrieved concurrently from both websites.

#### Investor Relations Contact:

Han Long Kong

Tel: 603-8738 3388

Email: [lkhan@protasco.com.my](mailto:lkhan@protasco.com.my)

This statement is prepared in compliance with the Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2020 of the Company which is available in Protasco Berhad's website, [www.protasco.com.my](http://www.protasco.com.my).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) is committed to maintain a sound system of risk management and internal control of the Group and is pleased to present its Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2020. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) in accordance with Malaysian Code of Corporate Governance (“MCCG”) and as guided by the latest “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (“the Guidelines”).

## OBJECTIVES

- Maintain a reliable and effective risk management practices. Such practices will identify, assess and monitor key business risks, to safeguard and enhance the Group’s assets and shareholders’ investments; and
- Review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

## RESPONSIBILITIES

The Board acknowledges its overall responsibilities in establishing a sound system of risk management and internal control as well as reviewing its adequacy and effectiveness.

The Board delegates the responsibilities of maintaining a sound risk management and internal control of the Group to the Board Risk Management Committee (“BRMC”).

The responsibilities of the BRMC in respect of risk management and internal controls are as follows:

- Oversee and recommend risk management strategies, framework and policies and procedures of the Group;
- Review and recommend changes as needed to ensure that the Group has in place at all times a Risk Management policy which addresses the strategic, operational, financial and compliance risks;
- Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group’s business and other risks;
- Develop and inculcate a risk awareness culture within the Group;
- Review the adequacy and effectiveness of the said risk management and internal control systems;
- Oversee specific risk management concerns raised by business units; and
- Review the Group’s risk profiles and evaluate the measures taken to mitigate business and other risks.

The BRMC, however, recognises that any risk management system is designed to manage and mitigate rather than eliminate risks completely. As such, it should be noted that it only provides reasonable assurance against the occurrence of any material misstatement, operational failure, loss or fraud.

The BRMC does not review the internal control systems of associates where the Group does not have any direct control over their operations. Notwithstanding the above, the Group’s interests are assured through board representations of the respective associates and the receipt and review of the management accounts and enquiries thereon.

The BRMC has established ongoing processes for identifying the principal risks impeding the achievement of the organisation’s goals and objectives:

- To evaluate the nature and extent of those risk;
- To manage them efficiently, effectively and economically; and
- Regular review and taking into account changes in the regulatory and business environment as mentioned in the Guidelines.

In accordance with the Guidelines, the Board assures that this process has been in place for the year under review and up to the date of approval of this Statement for inclusion in Annual Report.

## Statement on Risk Management and Internal Control

### RISK MANAGEMENT FRAMEWORK

The Board regards the importance of key risk management and internal control system that sets the tone for the Group. In recognising the importance of risk management and internal control system in the overall governance process, the Board has instituted the following:

#### The BRMC

The BRMC, which is guided by its Terms of Reference, was established to assist the Board to oversee the overall compliance to relevant laws and regulations, internal policies and procedures.

The BRMC also review the regular updates of risks profiles of each business segments including the relevant internal controls and measures to mitigate significant risks identified.

The BRMC provides a strategic direction in terms of risk management and mandates the Risk Management Committee ("RMC") to oversee the establishment and implementation of the risk management process.

The members of the BRMC are:

Members	Directorship	Roles
Ir. Tan Heng Kui	Non-Independent Non-Executive Director	Chairman
Dato' Tan Yee Boon	Independent Non-Executive Director	Member
Celine Chan Hooi Li	Independent Non-Executive Director	Member

#### The RMC

The management, through its RMC, assists the BRMC in ensuring sound and robust risk management framework, processes and practices to achieve the Group's strategic objectives and safeguard shareholders' investments and group assets.

The RMC is responsible for the implementation of the approved framework, policies and procedures pertaining to risk management and internal control to ensure that business strategies and risk management are aligned.

The members of the RMC are:

Members	Designation
Chief Financial Officer	Chairman
Executive Director, Group Corporate Office	Committee Member
Head Corporate Assurance	Committee Member
Group Financial Controller	Committee Member

### The Group Enterprise Risk Management Framework

During the period under review, the Group has established the Group Enterprise Risk Management Framework to provide guidelines on the effective management of risks through the application of Enterprise Risk Management ("ERM") processes at varying levels and within the Group.

The framework ensures that the risk related information derived from the ERM process is adequately reported and used as a basis for decision making and is accounted for at all relevant organisational levels. The framework shall be continuously assessed and improved to ensure its adaptability with the changing business environment.

## Statement on Risk Management and Internal Control

The framework outlines:

- Policy and governance structure for the ERM within the Group;
- Risk management roles and responsibilities within the Group and outlining procedures to mitigate risks;
- Methodology for risk assessment and risk response; and
- Reporting framework to ensure clear communication for all risk management activities and reporting.

### Integrity & Compliance

The Group has undertaken the integrity and compliance activities in adoption to the risk management & compliance matters to show our commitment as being ethical and professional organisation, anchored on ethics, integrity and accountability.

During the period under review, the Group has developed and adopted the Integrity and Anti-Corruption Policy as part of the Group's Anti-Bribery Management System which has been designed to align with the requirements set out in the provision of section 17A under the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

The Group is committed to conduct all of its business in an honest and ethical manner by implementing and enforcing systems that ensure bribes and corruptions are prevented.

### Internal Control

The key elements of the Group's internal control system include:

#### 1. Control Environment

- The Board demonstrates a commitment for integrity and ethical values.
- The Board established the BRMC comprising Non-Executive Directors, majority of whom are Independent Directors. The BRMC primarily assists the Board in reviewing the organisational risk and internal control with the assistance of the RMC and Internal Audit Department.
- Well-defined lines of responsibilities for the Board, management and each operating unit within the Group; including authorisation level on day-to-day operations.
- The Board and Management hold individual risk owners accountable for their internal control procedures and policies.

#### 2. Risk Assessment

- The Management of each division is responsible to assess, review and update their division's risk profile.
- The Management to identify and assess changes that could significantly impact the system of internal control.

#### 3. Control Activities

- Each operating unit undertakes business planning and budgeting process each year which are appraised at regular intervals.
- The Group reviews, assesses and updates the internal control procedures and policies with a view to improve policies that have been established and implement them.

#### 4. Information and Communication

- The Business Risk Profile, where identified risks are recorded, is updated on an ongoing basis and presented to the Risk Management Committee on a half-yearly basis.
- Significant risk matters that require the attention of the Board are reported to the BRMC and Audit Committee.
- The Group's quarterly financial performance is presented to the Board for review and approval.

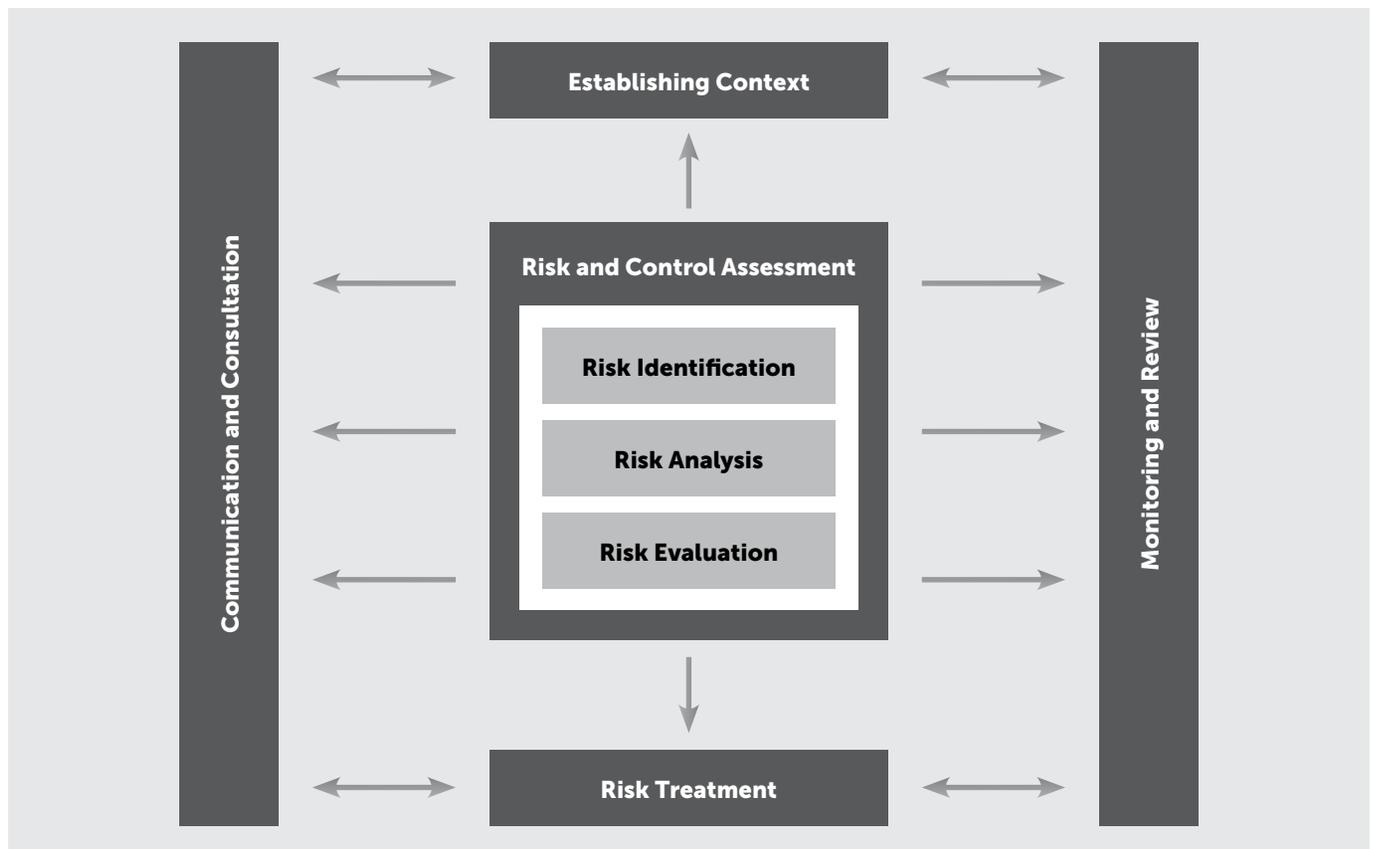
## Statement on Risk Management and Internal Control

**5. Monitoring**

- The Group performs and evaluates internal control system (e.g. Internal Audit) to ascertain its adequacy and effectiveness.
- The Group performs follow up on the Management's responses and action plans stated in the reports from tests and evaluations carried out.

**Risk Management Process**

The objective of the risk management process is to develop an individual risk profile where risk assessment is conducted from risk identification, analysis, and evaluation of existing controls. The following diagram depicts the risk management approach in the Group:



The risks identified are evaluated based on their potential impact on the Group, the likelihood of occurrence as well as the effectiveness of available control procedures. The Business Risk Profile, where identified risks are recorded, is reviewed and updated on an ongoing basis. The review and update of the risk profile include identification of risks resulting from both external and internal changes in business environment.

Each business unit's identified risks are presented to the RMC for their deliberation and tabled bi-annually to the BRMC.

## Statement on Risk Management and Internal Control

### THE GROUP'S RISKS

#### Overview

The significant risks faced by the Group for the financial year ended 31 December 2020 are categorised as follows:

Division	Key Risk	Description	Mitigation Measures
Maintenance	Pandemic and movement restrictions.	<ul style="list-style-type: none"> <li>Cut back on government spending and stop work order on road maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure adequate internal resources.</li> <li>Discussions with government on the importance in prioritising the maintenance sector.</li> </ul>
	Outdated schedule of rates ("SOR").	<ul style="list-style-type: none"> <li>If the rate review is unsuccessful, there is a profitability risk as the outdated SOR will be applied until the end of the concession period.</li> </ul>	<ul style="list-style-type: none"> <li>Improving relationship with government to smoothen negotiation process whilst fulfilling all contractual obligations as per the signed Contract Agreement.</li> </ul>
Construction	Difficulty in securing new projects/ contracts.	<ul style="list-style-type: none"> <li>Depletion of order book.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous effort in maintaining good public relationship with the Government, existing and potential clients, to secure new contracts.</li> </ul>
		<ul style="list-style-type: none"> <li>Facing challenges in securing new projects such as intense competition, shortage of projects to tender in the market, and delay in awarding contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Diversification to other construction related projects such as water reticulation and sewerage pipeline works where certain contracts are based on direct negotiation.</li> </ul>
Engineering & Consultancy	Non-renewal of agreement.	<ul style="list-style-type: none"> <li>Difficulty in extending long-term service agreement ("LTSA") with major clients.</li> </ul>	<ul style="list-style-type: none"> <li>Establish good public relationship to secure new LTSA including from Government and Government Linked Companies ("GLC").</li> <li>Continuous effort in enhancing customers' satisfaction.</li> </ul>
	Brand reputation.	<ul style="list-style-type: none"> <li>Difficulty in sustaining the IKRAM Brand due to intense competitions and potential liability claims.</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive marketing and advertisement in promoting IKRAM Brand as "A Total Integrated Engineering Solutions Provider"</li> <li>Promote IKRAM brand through its trusted services in Quality Assurance and Quality Control ("QaQc") certification such as ISO 9001:2008, ISO17025 and ISO 17065.</li> </ul>

## Statement on Risk Management and Internal Control

Division	Key Risk	Description	Mitigation Measures
Property Development	Project launching.	<ul style="list-style-type: none"> <li>Failure to launch new housing project due to soft market conditions and pandemic disruptions.</li> <li>Stringent lending policy.</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive sales and marketing approach and offering attractive prices packages.</li> <li>Exploring potential schemes under the National Economic Recovery Plan for Home Ownership Campaign.</li> </ul>
	Non-performing Joint Venture ("JV") partner/contractor.	<ul style="list-style-type: none"> <li>Failure of JV partner to complete and deliver the project.</li> </ul>	<ul style="list-style-type: none"> <li>Project progress is monitored closely by the JV partner and reported to Management on a periodic basis.</li> </ul>
Hotel & Hospitality	Pandemic and movement restriction.	<ul style="list-style-type: none"> <li>Low occupancy rate due to travelling restriction and drastic decline in tourism industry.</li> </ul>	<ul style="list-style-type: none"> <li>Generate alternative revenue such as promoting trend of virtual meetings, work from hotel packages, etc. to encourage people to have a change of ambience.</li> </ul>
	Increase in demand for Airbnb, etc.	<ul style="list-style-type: none"> <li>Reduced demand due to fierce competitions.</li> </ul>	<ul style="list-style-type: none"> <li>Implement Digital marketing in creating awareness and loyalty programmes across target markets.</li> <li>Offering attractive discounts to attract domestic visitors and travellers.</li> </ul>
Education	Sustainability	<ul style="list-style-type: none"> <li>Declining student population due to travel ban and movement restriction.</li> <li>Competition from local universities and colleges.</li> </ul>	<ul style="list-style-type: none"> <li>Virtual classes and offering of rebates to retain students and attract new students.</li> <li>Aggressive marketing and advertisement strategies including social media platforms, attractive registration fee, incentives etc.</li> <li>Explore new business model including collaboration with reputable institutions to bring in more students, both locally and internationally.</li> </ul>
Trading & Manufacturing	Sustainability	<ul style="list-style-type: none"> <li>Dependent on construction activity and demand from sub-contractors of Maintenance segment.</li> </ul>	<ul style="list-style-type: none"> <li>Regular exploring of new products and markets</li> <li>Understand clients' detailed requirements and expectations. Recommend appropriate solutions accordingly.</li> <li>Regular meetings with clients for product quality and performance testing.</li> </ul>

## Statement on Risk Management and Internal Control

Division	Key Risk	Description	Mitigation Measures
Clean Energy	Pandemic and movement restriction.	<ul style="list-style-type: none"> <li>Disruption to business operations and difficulty in maintaining the continuity of work.</li> </ul>	<ul style="list-style-type: none"> <li>Provide the necessary resources and support to employees to stay productive, especially as they adapt to working remotely. Preparation of work from home Standard Operating Procedures ("SOP").</li> <li>Accelerating digital transformation as the shift to remote working gaps in business operations.</li> </ul>

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the MCCG to be set out, nor is this Statement factually incorrect.

### CONCLUSION

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspect.

For the financial year under review, the Board is of the opinion that the Group's system of internal controls is satisfactory. Any deficiencies identified have been or are being addressed accordingly. Notwithstanding this, review of the internal control systems will be continuously carried out to ensure the ongoing effectiveness of the system.

## OTHER COMPLIANCE INFORMATION

### 1. AUDIT AND NON-AUDIT FEES

The details of total audit and non-audit fees paid/payable to the external auditors of the Company for the financial year ended 31 December 2020 were as follows:

	RM'000
Audit Fees	718
Non-Audit Fees*	5

\* Fees incurred primarily in relation to advisory services.

### 2. MATERIAL CONTRACTS

Other than as disclosed in Note 43 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of previous financial year.

### 3. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2020.

### 4. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no options, warrants and convertible securities being issued during the financial year.

### 5. RECURRENT RELATED PARTY TRANSACTIONS

Details of the Recurrent Related Party Transactions are disclosed in Note 43 of the Financial Statements.

### 6. GOING CONCERN STATEMENT

Having exercised due and reasonable enquiry into the affairs on the Company, the Board is satisfied with the Company and shall proceed to operate as a going concern business in the foreseeable future.



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## FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors hereby submit their annual 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 the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(7,026)	(2,288)
Attributable to:		
Owners of the Company	(25,233)	(2,288)
Non-controlling interests	18,207	-
	(7,026)	(2,288)

## DIVIDENDS

No dividend was recommended by the directors for the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## WARRANTS

The details of the Warrants are disclosed in Note 26 to the financial statements.

## Directors' Report

### **TREASURY SHARES**

During the financial year, the Company purchased 3,273,000 (2019 - 8,115,500) of its issued ordinary shares from the open market at market prices ranging from RM0.12 to RM0.25 (2019 - RM0.21 to RM0.26) per share. The total consideration paid for the purchase including transaction costs amounted to RM634,018 (2019 - RM1,987,931). The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

There was no resale of issued ordinary shares that were held as treasury shares during the financial year.

As at 31 December 2020, the Company held as treasury shares a total of 13,651,900 (2019 - 10,378,900) of its 495,392,310 (2019 - 495,392,310) issued and paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,751,849 (2019 - RM3,117,831). The details are disclosed in Note 23 to the financial statements.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

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

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors'  
Report**CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, 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.

**DIRECTORS**

The names of Directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Sri Chong Ket Pen  
Tan Heng Kui  
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman  
Dato' Tan Yee Boon  
Suhaimi Bin Badrul Jamil  
Tham Wei Mei  
Dato' Chong Ther Nen (Appointed on 1 January 2020)  
Celine Chan Hooi Li (Appointed on 1 January 2020)  
Lim Yew Ting (Resigned on 1 January 2020)

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are disclosed in Appendix A to the financial statements.

## Directors' Report

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			At 31.12.2020
	At 1.1.2020	Bought	Sold/ Cessation	
<i>Direct Interests</i>				
Dato' Sri Chong Ket Pen	93,626,376	-	-	93,626,376
Dato' Chong Ther Nen	2,866,458	-	-	2,866,458
Tan Heng Kui	8,962,770	-	(50,000)	8,912,770
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	875,000	-	-	875,000
Suhaimi Bin Badrul Jamil	105,832	-	-	105,832
<i>Indirect Interests</i>				
Dato' Sri Chong Ket Pen ^^	52,531,319	500,000	(3,066,458)	49,964,861
Dato' Chong Ther Nen **	2,095,800	-	-	2,095,800
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	3,645,833	-	-	3,645,833

	Number of Warrants 2018/2023			At 31.12.2020
	At 1.1.2020	Bought	Cessation	
<i>Direct Interests</i>				
Dato' Sri Chong Ket Pen	16,527,669	-	-	16,527,669
Dato' Chong Ther Nen	292,812	-	-	292,812
Tan Heng Kui	1,920,593	-	-	1,920,593
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	187,500	-	-	187,500
Suhaimi Bin Badrul Jamil	16,250	-	-	16,250
<i>Indirect Interests</i>				
Dato' Sri Chong Ket Pen ^^	10,913,640	-	(292,812)	10,620,828
Dato' Chong Ther Nen **	499,100	-	-	499,100
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	781,250	-	-	781,250

Notes:-

^^ Deemed interest by virtue of his substantial shareholdings in Penmacorp Sdn Bhd which in turn is a substantial shareholder of the Company pursuant to Section 8 of the Companies Act 2016 as well as his spouse and children's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

\*\* Deemed interest through his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

# Deemed interest by virtue of his substantial shareholdings in Rencana Berkas Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

Directors'  
Report**DIRECTORS' INTERESTS (CONT'D)**

By virtue of his interest in the Company, Dato' Sri Chong Ket Pen is deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other Directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 43 to the financial statements.

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

**DIRECTORS' REMUNERATION**

The details of the Directors' remuneration paid or payable to the Directors of the Group and the Company during the financial year are disclosed in Note 37 to the financial statements.

**INDEMNITY AND INSURANCE COST**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20,000,000 and RM115,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 47 to the financial statements.

**SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 48 to the financial statements.

## Directors' Report

### **AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 36 to the financial statements.

Signed in accordance with a resolution of the Directors dated 17 May 2021.

**Dato' Chong Ther Nen**

**Suhaimi Bin Badrul Jamil**

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Chong Ther Nen and Suhaimi Bin Badrul Jamil, being two of the Directors of Protasco Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 89 to 213 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 17 May 2021.

**Dato' Chong Ther Nen**

**Suhaimi Bin Badrul Jamil**

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Cheong Kah Wang, MIA Membership Number: 7854, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 89 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Cheong Kah Wang,  
at Kuala Lumpur  
in the Federal Territory  
on this 17 May 2021.

Before me

**Cheong Kah Wang**

**Datin Hajah Raihela Wanchik (W275)**

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Protasco 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 89 to 213.

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, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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' *Code of Ethics for Professional Accountants* ("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 financial 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

## Independent Auditors' Report

to the Members of Protasco Berhad (Incorporated in Malaysia)  
Registration No: 200101012322 (548078 - H)

### Key Audit Matters (Cont'd)

<b>Revenue and Profit Recognition for Construction Contracts</b>	
Refer to Note 4.1.1(e), Note 4.24(d) and Note 34 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Construction contract accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the quantum of revenue and profit to be recognised.</p> <p>In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.</p> <p>In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised;</li> <li>• testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;</li> <li>• assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and costs incurred on variation orders;</li> <li>• assessing the reasonableness of percentage of completion by comparing to certification by external parties;</li> <li>• assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses;</li> <li>• performing subsequent event review to support year-end judgements;</li> <li>• assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards; and</li> <li>• considering the adequacy of the Group's disclosures in respect of the judgements taken with respect to profit recognition and the key risks relating to these amounts.</li> </ul>

## Independent Auditors' Report

to the Members of Protasco Berhad (Incorporated in Malaysia)  
Registration No: 200101012322 (548078 - H)

### Key Audit Matters (Cont'd)

<b>Impairment of Trade Receivables</b>	
Refer to Note 4.1.1(d), Note 14 and Note 45.1(b) in the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 31 December 2020, trade receivables that were past due and not impaired amounted to RM87.1 million. The details of trade receivables and its credit risk are disclosed in Note 14 and Note 45.1(b) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> <li>customers' payment profiles of past sales and corresponding historical credit losses;</li> <li>specific known facts or circumstances on customers' ability to pay; or</li> <li>by reference to past default experience.</li> </ul> <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.</p> <p>We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>testing on the account receivables ageing to ascertain the accuracy of the underlying information used to assess the adequacy of impairment loss of trade receivables;</li> <li>testing payment history of major customers during the financial year and after the year end;</li> <li>evaluating the credit standings of the customers with reference to payment history;</li> <li>evaluating the Directors' judgement on recoverability, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year-end;</li> <li>testing the retention balances due by:-               <ol style="list-style-type: none"> <li>corroborating the value of the retention to correspondences with customers and original contracts; and</li> <li>reviewing the status of the projects and forming a conclusion on the recoverability of the balance in light of the evidence presented; and</li> </ol> </li> <li>considering the adequacy of the Group's disclosures in this area.</li> </ul>

### 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 Protasco Berhad (Incorporated in Malaysia)  
Registration No: 200101012322 (548078 - H)

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditors' Report

to the Members of Protasco Berhad (Incorporated in Malaysia)  
Registration No: 200101012322 (548078 - H)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

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 financial 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 5 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.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

17 May 2021

**Chua Wai Hong**  
02974/09/2021 J  
Chartered Accountant

**STATEMENTS OF FINANCIAL POSITION**

as at 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	162,506	162,506
Investments in associates	6	15,593	13,483	-	-
Property, plant and equipment	7	238,163	206,862	63	64
Investment properties	8	76,922	78,745	-	-
Right-of-use assets	9	12,998	13,344	-	-
Inventories	10	42,517	17,389	-	-
Goodwill on consolidation		36	36	-	-
Long-term investments	11	145	145	-	-
Deferred tax assets	12	177	161	-	-
		386,551	330,165	162,569	162,570
CURRENT ASSETS					
Inventories	10	29,359	36,857	-	-
Contract cost assets	13	26	560	-	-
Trade receivables	14	149,154	191,874	-	-
Contract assets	15	28,690	258,766	-	-
Other receivables, deposits and prepayments	16	16,300	32,510	18	43
Amount owing by subsidiaries	17	-	-	95,696	96,632
Amount owing by associates	18	1,287	1,106	-	-
Current tax assets		9,877	14,981	-	-
Short-term investments	19	47,133	46,811	-	-
Deposits with licensed banks	20	21,516	43,333	1,540	4,614
Cash and bank balances	21	187,350	112,770	568	463
		490,692	739,568	97,822	101,752
<b>TOTAL ASSETS</b>		<b>877,243</b>	<b>1,069,733</b>	<b>260,391</b>	<b>264,322</b>

The annexed notes form an integral part of these financial statements

## Statements of Financial Position

as at 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	22	249,437	249,437	249,437	249,437
Treasury shares	23	(3,752)	(3,118)	(3,752)	(3,118)
Foreign exchange translation reserve	24	(10,782)	(10,135)	-	-
Capital reserve	25	8,875	8,875	-	-
Fair value reserve		(30)	(30)	-	-
Retained profits		60,368	85,585	1,996	4,284
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		304,116	330,614	247,681	250,603
Non-controlling interests		34,140	24,635	-	-
TOTAL EQUITY		338,256	355,249	247,681	250,603
NON-CURRENT LIABILITIES					
Other payables	31	23,784	-	-	-
Deferred tax liabilities	12	4,425	4,637	-	-
Long-term borrowings	27	88,786	70,062	-	-
Lease liabilities	28	6,222	6,227	-	-
		123,217	80,926	-	-
CURRENT LIABILITIES					
Trade payables	30	173,975	246,880	-	-
Other payables and accruals	31	69,298	45,250	884	235
Amount owing to subsidiaries	17	-	-	3,247	3,217
Amount owing to associates	18	1,992	1,977	-	-
Dividend payable		-	2,910	-	2,910
Current tax liabilities		5,458	4,718	2,804	2,804
Short-term borrowings	32	132,832	303,371	-	-
Lease liabilities	28	2,579	2,524	-	-
Bank overdrafts	33	29,636	25,928	5,775	4,553
		415,770	633,558	12,710	13,719
TOTAL LIABILITIES		538,987	714,484	12,710	13,719
TOTAL EQUITY AND LIABILITIES		877,243	1,069,733	260,391	264,322

The annexed notes form an integral part of these financial statements

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE	34	996,181	783,703	6,780	10,100
COST OF SALES		(852,855)	(647,544)	-	-
GROSS PROFIT		143,326	136,159	6,780	10,100
OTHER INCOME		1,296	10,614	129	83
ADMINISTRATIVE EXPENSES		(42,093)	(38,674)	(8,833)	(9,765)
OTHER EXPENSES		(62,294)	(68,462)	-	-
PROFIT FROM OPERATIONS		40,235	39,637	(1,924)	418
FINANCE COSTS		(10,429)	(11,389)	(363)	(381)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	35	(17,966)	(695)	(1)	-
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		2,711	3,328	-	-
PROFIT/(LOSS) BEFORE TAXATION	36	14,551	30,881	(2,288)	37
INCOME TAX EXPENSE	38	(21,577)	(11,614)	-	-
(LOSS)/PROFIT AFTER TAXATION		(7,026)	19,267	(2,288)	37
OTHER COMPREHENSIVE (EXPENSES)/ INCOME:-					
Item that will be reclassified subsequently to profit or loss:					
- Foreign currency translation differences		(647)	507	-	-
		(647)	507	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(7,673)	19,774	(2,288)	37

The annexed notes form an integral part of these financial statements

## Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		(25,233)	6,272	(2,288)	37
Non-controlling interests		18,207	12,995	-	-
		(7,026)	19,267	(2,288)	37
<b>TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-</b>					
Owners of the Company		(25,880)	6,779	(2,288)	37
Non-controlling interests		18,207	12,995	-	-
		(7,673)	19,774	(2,288)	37
<b>(LOSS)/EARNINGS PER SHARE (SEN)</b>					
	39				
Basic		(5.23)	1.29		
Diluted		(5.23)	1.29		

The annexed notes form an integral part of these financial statements

**STATEMENTS OF CHANGES IN EQUITY**

for the Financial Year Ended 31 December 2020

	Non-Distributable			Distributable			Attributable to Owners of the Company			Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Foreign Exchange Translation Reserve	Capital Reserve	Fair Value Reserve	Retained Profits	RM'000	RM'000	RM'000		
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at 1.1.2019	249,437	(1,130)	(10,642)	8,875	(30)	85,689	332,199	19,211	351,410		
Profit after taxation for the financial year	-	-	-	-	-	6,272	6,272	12,995	19,267		
Other comprehensive income for the financial year:											
- foreign currency translation	-	-	507	-	-	-	507	-	507		
Total comprehensive income for the financial year	-	-	507	-	-	6,272	6,779	12,995	19,774		
Balance carried forward	249,437	(1,130)	(10,135)	8,875	(30)	91,961	338,978	32,206	371,184		

The annexed notes form an integral part of these financial statements

## Statements of Changes in Equity

for the Financial Year Ended 31 December 2020

The Group	Note	Non-Distributable				Distributable			Total Equity RM'000	
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-Controlling Interests RM'000
Balance brought forward		249,437	(1,130)	(10,135)	8,875	(30)	91,961	338,978	32,206	371,184
Contributions by and distribution to owners of the Company:-										
Acquisition of a subsidiary		-	-	-	-	-	-	-	243	243
Derecognition of subsidiaries upon struck off		-	-	-	-	-	-	-	9	9
Treasury shares acquired	23	-	(1,988)	-	-	-	-	(1,988)	-	(1,988)
Dividends:										
- by the Company	40	-	-	-	-	-	(5,832)	(5,832)	-	(5,832)
- by subsidiaries to non-controlling interests ("NCI")		-	-	-	-	-	-	-	(8,940)	(8,940)
Changes in subsidiaries' ownership interests that do not result in a loss of control		-	-	-	-	-	(544)	(544)	252	(292)
Total transactions with owners		-	(1,988)	-	-	-	(6,376)	(8,364)	(8,436)	(16,800)
Issuances of shares by subsidiaries to NCI		-	-	-	-	-	-	-	865	865
Balance at 31.12.2019		249,437	(3,118)	(10,135)	8,875	(30)	85,585	330,614	24,635	355,249

The annexed notes form an integral part of these financial statements

## Statements of Changes in Equity for the Financial Year Ended 31 December 2020

	Non-Distributable				Distributable			Attributable to Owners of the Company		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Foreign Exchange Translation Reserve	Capital Reserve	Fair Value Reserve	Retained Profits	Company	RM'000	RM'000		
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at 1.1.2020	249,437	(3,118)	(10,135)	8,875	(30)	85,585	330,614	24,635	355,249		
Loss after taxation for the financial year	-	-	-	-	-	(25,233)	(25,233)	18,207	(7,026)		
Other comprehensive expenses for the financial year:											
- foreign currency translation	-	-	(647)	-	-	-	(647)	-	(647)		
Total comprehensive expenses for the financial year	-	-	(647)	-	-	(25,233)	(25,880)	18,207	(7,673)		
Balance carried forward	249,437	(3,118)	(10,782)	8,875	(30)	60,352	304,734	42,842	347,576		

The annexed notes form an integral part of these financial statements

## Statements of Changes in Equity

for the Financial Year Ended 31 December 2020

The Group	Note	Non-Distributable				Distributable			Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	RM'000			
Balance brought forward		249,437	(3,118)	(10,782)	8,875	(30)	60,352	304,734	42,842	347,576	
Contributions by and distribution to owners of the Company: -											
Treasury shares acquired	23	-	(634)	-	-	-	-	(634)	-	(634)	
Dividends:											
- by the Company	40	-	-	-	-	-	-	-	-	-	
- by subsidiaries to NCI		-	-	-	-	-	-	-	(8,940)	(8,940)	
Changes in subsidiaries' ownership interests that do not result in a loss of control		-	-	-	-	-	16	16	238	254	
Total transactions with owners		-	(634)	-	-	-	16	(618)	(8,702)	(9,320)	
Balance at 31.12.2020		249,437	(3,752)	(10,782)	8,875	(30)	60,368	304,116	34,140	338,256	

The annexed notes form an integral part of these financial statements

## Statements of Changes in Equity for the Financial Year Ended 31 December 2020

The Company	Note	Distributable			Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Balance at 1.1.2019		249,437	(1,130)	10,079	258,386
Profit after taxation/Total comprehensive income for the financial year		-	-	37	37
Contributions by and distribution to owners of the Company:-					
Treasury shares acquired	23	-	(1,988)	-	(1,988)
Dividends	40	-	-	(5,832)	(5,832)
Total transactions with owners of the Company		-	(1,988)	(5,832)	(7,820)
Balance at 31.12.2019		249,437	(3,118)	4,284	250,603

The annexed notes form an integral part of these financial statements

## Statements of Changes in Equity

for the Financial Year Ended 31 December 2020

The Company	Note	Distributable			Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	
Balance at 1.1.2020		249,437	(3,118)	4,284	250,603
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(2,288)	(2,288)
Contributions by owners of the Company:- Treasury shares acquired	23	-	(634)	-	(634)
Balance at 31.12.2020		249,437	(3,752)	1,996	247,681

The annexed notes form an integral part of these financial statements

**STATEMENTS OF CASH FLOWS**

for the Financial Year Ended 31 December 2020

	The Group		The Company		
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Profit/(Loss) before taxation		14,551	30,881	(2,288)	37
Adjustments for:					
Bad debts written off		64	561	-	-
Depreciation of:					
- investment properties		1,823	1,820	-	-
- property, plant and equipment		10,487	11,915	25	29
- right-of-use assets		3,276	3,218	-	-
Allowance for impairment losses on:					
- trade receivables		22,526	5,563	-	-
- other receivables		1,609	2,197	1	-
Interest expense		19,192	19,962	363	381
Property, plant and equipment written off		26	6	-	-
Property development costs written off		8,068	-	-	-
Gain on disposal of property, plant and equipment		(193)	(329)	-	-
Gross dividends from subsidiaries		-	-	-	(5,100)
Income from short-term investments		(574)	(609)	(1)	(22)
Interest income		(1,252)	(1,197)	(27)	(52)
Share of profits of equity accounted associates		(2,711)	(3,328)	-	-
Unrealised loss on foreign exchange		-	1	-	-
Reversal of impairment losses on:					
- trade receivables		(5,092)	(6,347)	-	-
- other receivables		(1,077)	(661)	-	-
- amount owing by associates		-	(57)	-	-
Operating profit/(loss) before working capital changes		70,723	63,596	(1,927)	(4,727)
Decrease/(Increase) in inventories		13,086	(1,794)	-	-
Decrease/(Increase) in contract costs		534	(560)	-	-
Decrease/(Increase) in contract assets		230,076	(34,194)	-	-
(Increase)/Decrease in amount owing by associates		(181)	1,079	-	-
Increase/(Decrease) in amount owing to associates		15	(323)	-	-
Decrease in trade and other receivables		25,900	19,149	24	41
(Decrease)/Increase in trade and other payables		(49,250)	(66,215)	649	(180)
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>290,903</b>	<b>(19,262)</b>	<b>(1,254)</b>	<b>(4,866)</b>
Interest paid		(2,659)	(2,147)	(363)	(381)
Income tax paid		(15,961)	(13,126)	-	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD</b>		<b>272,283</b>	<b>(34,535)</b>	<b>(1,617)</b>	<b>(5,247)</b>

The annexed notes form an integral part of these financial statements

## Statements of Cash Flows

for the Financial Year Ended 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
NET CASH FOR OPERATING ACTIVITIES BROUGHT FORWARD		272,283	(34,535)	(1,617)	(5,247)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in associates		(300)	(2)	-	-
Interest received		1,252	1,197	27	52
Income from short-term investments received		574	609	1	22
Net dividend received from subsidiaries		-	-	-	5,100
Net dividend received from associates		901	-	-	-
Net cash outflow from acquisition of a subsidiary		-	(468)	-	-
Increase in cash and bank balances pledged to a licensed bank		-	(402)	-	-
Net withdrawal/(placement) of:					
- deposits pledged to licensed banks		1,538	2,304	(426)	(50)
- short-term investments with maturity periods more than three months		18	(506)	-	-
Proceeds from disposal of property, plant and equipment		226	2,419	3	4
Purchase of property, plant and equipment	41(a)	(41,847)	(13,330)	(27)	(6)
Addition to investment properties		-	(172)	-	-
Addition to right-of-use assets	41(a)	(240)	(32)	-	-
Purchase of treasury shares		(634)	(1,988)	(634)	(1,988)
Repayment from subsidiaries		-	-	936	9,434
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(38,512)	(10,371)	(120)	12,568
BALANCE CARRIED FORWARD		233,771	(44,906)	(1,737)	7,321

The annexed notes form an integral part of these financial statements

## Statements of Cash Flows

for the Financial Year Ended 31 December 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
BALANCE BROUGHT FORWARD		233,771	(44,906)	(1,737)	7,321
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid		(2,910)	(2,922)	(2,910)	(2,922)
Dividends paid to non-controlling interests		(8,940)	(8,940)	-	-
Net cash inflow from issuance of shares by subsidiaries to non-controlling interests		-	865	-	-
Advance from/(Repayment to) subsidiaries		-	-	30	(1,022)
Interest paid		(16,533)	(17,530)	-	-
Drawdown of term loans		28,467	113,011	-	-
Repayment of term loans		(213,368)	(12,088)	-	-
Repayment of lease liabilities	41(c)	(2,640)	(3,620)	-	-
Net repayment of short-term borrowings		33,086	(263)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(182,838)	68,513	(2,880)	(3,944)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		50,933	23,607	(4,617)	3,377
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		168,827	145,220	(590)	(3,967)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	41(d)	219,760	168,827	(5,207)	(590)

The annexed notes form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2020

## 1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 802, 8<sup>th</sup> Floor, Block C, Kelana Square,  
17, Jalan SS7/26, 47301 Petaling Jaya,  
Selangor Darul Ehsan.

Principal place of business : 2<sup>nd</sup> Floor, Corporate Building,  
Unipark Suria, Jalan Ikram-Uniten,  
43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 17 May 2021.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	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 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
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### 4.1.1 Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

##### (a) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### 4.1.1 Key Sources of Estimation Uncertainty (Cont'd)

#### (b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

#### (c) Impairment of Investment Properties

The Group determines whether its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

#### (d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14 and 15 to the financial statements.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### 4.1.1 Key Sources of Estimation Uncertainty (Cont'd)

##### **(e) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress based on the physical proportion of contract work certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as at the reporting date are disclosed in Note 15 to the financial statements.

##### **(f) Property Development**

The Group recognises property development revenue and expenses in profit or loss by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant judgement is required in determining the measure of progress, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of the land held for property development and property development costs as at the reporting date are disclosed in Note 10 to the financial statements.

##### 4.1.2 Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Classification between Investment Properties and Owner-Occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### 4.1.2 Critical Judgement Made in Applying Accounting Policies (Cont'd)

##### **(b) Contingent Liabilities**

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### **(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 GOODWILL (CONT'D)

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

##### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

##### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

##### (c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

#### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### Debt Instruments

###### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

###### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

###### Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### Equity Instruments (Cont'd)

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

##### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

##### (c) Equity Instruments

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

###### (i) Ordinary Shares

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

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

###### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (c) Equity Instruments (Cont'd)

###### (ii) Treasury Shares (Cont'd)

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

##### (d) Derivative Financial Instruments

Derivatives financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

##### (e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (f) Financial Guarantee Contracts

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

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (f) Financial Guarantee Contracts (Cont'd)

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercise significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Renovation	10% - 33.33%
Reference books, office equipment, furniture and fittings	10% - 33.33%
Laboratory equipment, plant and machinery	12.50% - 20%
Motor vehicles	12.50% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years. Investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

#### 4.10 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has elected not to separate non-lease from lease components of (type of right-of-use assets). Instead, the Group has accounted for lease component and the associated non-lease components as a single lease arrangement.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

#### 4.11 INVENTORIES

##### (a) Land Held for Property Development

Land held for property development represents freehold land and right-of-use assets (leasehold land) on which development activities are not expected to be completed within the normal operating cycle.

Land held for property development is classified within non-current assets and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of freehold land, payment of the right-of-use asset (leasehold land), professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for property development will be the best available measure of the net realisable value.

Land held for property development is transferred to property development costs category (within current assets) when development activities have commenced and are expected to be completed within the normal operating cycle.

##### (b) Property Development Costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.11 INVENTORIES (CONT'D)

##### (b) Property Development Costs (Cont'd)

Property development costs comprise costs associated with the purchase of freehold land, payment for the right-of-use asset (leasehold land) and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities as well as borrowing costs relating to the financing of the development activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

##### (c) Developed Properties Held for Sale

Developed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and comprises the cost associated with the purchase of freehold land, payment for the right-of-use assets (leasehold land), construction costs and other related development expenditure incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary in selling the completed property.

##### (d) Other Inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.11 INVENTORIES (CONT'D)

##### (d) Other Inventories (Cont'd)

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.12 CONTRACT COSTS

##### (a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

##### (b) Costs to Fulfil a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

#### 4.13 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### 4.14 IMPAIRMENT

##### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.14 IMPAIRMENT (CONT'D)

##### (a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

##### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.17 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.19 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

##### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### 4.20 OPERATING SEGMENTS

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

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.21 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 4.22 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 4.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as and when the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

##### (a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### (b) Rendering of Services

Revenue from rendering of services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

##### (c) Education and Training Fees

Tuition and training fees, are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

##### (d) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the output method by reference to the construction progress based on the physical proportion of construction work certified by professional consultants. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

##### (e) Property Development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

#### 4.25 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

##### (a) Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

##### (b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

## 4.25 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME (CONT'D)

**(c) Management Fee**

Management fee is recognised when services are rendered.

**(d) Rental Income**

Rental income is accounted for on a straight-line method over the lease term.

**(e) Government Grant**

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met. These grants are presented as other income in profit or loss.

**5. INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Unquoted shares in Malaysia:		
- ordinary shares	144,679	144,679
- Redeemable Convertible Preference Shares	17,500	17,500
	162,179	162,179
Unquoted shares outside Malaysia:		
- ordinary shares	327	327
	162,506	162,506

During the financial year:-

- (a) On 2 December 2020, Kumpulan Ikram Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company, subscribed for an additional 199,998 ordinary shares of RM1 each in Ikram International Sdn. Bhd. ("IISB"), an existing wholly-owned subsidiary of KISB.
- (b) On 5 May 2020, KISB, a wholly-owned subsidiary of the Company, disposed 90,000 ordinary shares of Kumpulan Ikram (Sarawak) Sdn. Bhd. ("KISarawak"), representing 9% equity interest in KISarawak, for a cash consideration of RM40,500. Following the completion of the disposal, KISB decreased its equity interests held in KISarawak from 60% to 51%.
- (c) On 28 August 2020, Ikram Greentech Sdn. Bhd. ("IGSB"), a wholly-owned subsidiary of the Company, disposed 292,500 ordinary shares of I2 Energy Sdn. Bhd. ("I2EG"), representing 39% equity interests in I2EG, for a cash consideration of RM337,500. Following the completion of the disposal, IGSB decreased its equity interests held in I2EG from 90% to 51%.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (d) HCM Engineering Sdn. Bhd. ("HCME"), a wholly-owned subsidiary of the Company, assessed that HCME no longer has control over V-HCM Engineering & Construction Co., Ltd. ("V-HCM"), a company in which HCME holds 70% equity interests and has significant influence instead. Following the completion of the assessment, V-HCM has been accounted for as an associate of HCME and indirect associate of the Group. The effects of the event has no significant impact on the financial statements of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

Details of subsidiaries held by the Company are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
HCM Engineering Sdn. Bhd.	Malaysia	100	100	Buildings, bridges and road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn. Bhd.	Malaysia	100	100	Engineering and geotechnical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	100	100	Trading of construction materials, products and equipment, petroleum based products and highway safety products and equipment.
Protasco Infra Sdn. Bhd.	Malaysia	100	100	Investment holding.
Protasco Development Sdn. Bhd.	Malaysia	100	100	Property development.
Protasco Venture Partners Inc. Δ	British Virgin Islands	100	100	Investment holding.
Ikram Greentech Sdn. Bhd. *	Malaysia	100	100	Investment holding and providing green project management services.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Details of subsidiaries held through HCM Engineering Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Permint Granite-HCM Sdn. Bhd.	Malaysia	70	70	Road maintenance and rehabilitation.
HCM Kijang Sdn. Bhd.	Malaysia	60	60	Road maintenance and rehabilitation.
Roadcare (M) Sdn. Bhd. *	Malaysia	51	51	Road maintenance and rehabilitation.
Empayar Indera Sdn. Bhd.	Malaysia	51	51	Road maintenance and rehabilitation.
HCM (L) Bhd. ^	FT Labuan	100	100	Investment holding.
HCM-Ikhtisas Sdn. Bhd. *	Malaysia	78	78	Investment holding.
HCM Arabia Sdn. Bhd. *	Malaysia	78	78	Trading of construction premix products.
HCM-Molek JV Sdn. Bhd. *	Malaysia	60	60	Road construction and rehabilitation.
HCM Kasturi Sdn. Bhd. *	Malaysia	100	100	Dormant.
Konsortium HCM Perkasa Sdn. Bhd. *	Malaysia	100	100	Dormant.
Infra Water Sdn. Bhd. *	Malaysia	100	100	Dormant.
H C M Builders Lanka (Private) Limited @	Sri Lanka	100	100	Dormant.
V-HCM Engineering & Construction Co., Ltd. Δ	Kingdom of Cambodia	Not Applicable	70	Road construction and rehabilitation.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of a subsidiary held through HCM (L) Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Global Traders Ltd. ^	FT Labuan	100	100	Dormant.

Details of subsidiaries held through Kumpulan Ikram Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Ikram Engineering Services Sdn. Bhd.	Malaysia	100	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn. Bhd.	Malaysia	60	60	Site investigation and soil testing services.
Kumpulan Ikram (Sarawak) Sdn. Bhd.	Malaysia	51	60	Site investigation and soil testing services.
Ikram Education Sdn. Bhd.	Malaysia	100	100	Providing tertiary education.
Ikram Latihan Sdn. Bhd. *	Malaysia	100	100	Providing training courses.
Ikram QA Services Sdn. Bhd.	Malaysia	100	100	Certification and listing of products.
Ikram Paves Sdn. Bhd.	Malaysia	100	100	Provision of evaluation and testing services for road pavement.
Ikram International Sdn. Bhd. *	Malaysia	100	100	Dormant.
Ikram Libyana Sdn. Bhd. *	Malaysia	60	60	Dormant.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Details of a subsidiary held through Ikram Latihan Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Ikram Skills Academy Sdn. Bhd.	Malaysia	100	100	Provision of skills training courses.

Details of a subsidiary held through Ikram Education Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Ikram Infra Ventures Sdn. Bhd. *	Malaysia	100	100	Dormant.

Details of subsidiaries held through Protasco Trading Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
QP Industries Sdn. Bhd. *	Malaysia	100	100	Dealing in materials for road pavement and road maintenance.
QP Trading Sdn. Bhd. *	Malaysia	100	100	Dealing in materials for road pavement.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Development Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Protasco Land Sdn. Bhd.	Malaysia	100	100	Property development.
De Centrum Development Sdn. Bhd.	Malaysia	100	100	Property development.
Sun Rock Development Sdn. Bhd. *	Malaysia	100	100	Property development.
De Centrum Land Sdn. Bhd.	Malaysia	100	100	Property development.
DC Resort Homes Sdn. Bhd. *	Malaysia	100	100	Property development.
Jalur Saujana Sdn. Bhd. *	Malaysia	100	100	Property development.

Details of a subsidiary held through Protasco Land Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Protasco Land SA (Pty) Ltd. *	South Africa	100	100	Dormant.

Details of a subsidiary held through Protasco Infra Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Ikram Land Sdn. Bhd.	Malaysia	100	100	Dormant.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Details of subsidiaries held through Protasco Venture Partners Inc. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Protasco Agro Ltd. Δ	British Virgin Islands	100	100	Dormant.
PT. Protasco Infra Indonesia ("PPII") Δβ	Indonesia	67	67	Dormant.

Details of subsidiaries held through Ikram Greentech Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
I2 Energy Sdn. Bhd. *	Malaysia	51	90	Solar panel installation contract work.
I2 Solarpark One Sdn. Bhd. ("I2SOSB") *Ω	Malaysia	44	44	Supply of power and electricity derived from solar power plant.
Solarcap Sdn. Bhd. *	Malaysia	68	68	Dormant.

Notes:-

^ The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

\* These subsidiaries were audited by other firms of chartered accountants.

# These subsidiaries were struck off during the financial year.

Δ These subsidiaries are not required to be audited under the laws of the country of incorporation.

@ The subsidiary is currently dormant and the audited financial statements and the auditors' reports on the financial statements are not available. The financial result of the subsidiary is not material to the Group.

β A company incorporated in Indonesia with a registered capital of USD1 million. The Group agreed to contribute 67% of the registered share capital whilst the remaining 33% equity interests will be contributed by a local business partner. Both parties have yet to inject their respective agreed capital contribution into PPII at the end of the reporting period.

Ω A company which has been assessed to be a subsidiary of the Group as the Group has control over I2SOSB.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of non-controlling interests ("NCI") at the end of the reporting period are as follows:-

Effective Equity Interest	Roadcare		PG-HCM		EISB		HCM-Molek		HCMA		KI-Sabah		KI-Sarawak		Total
	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	
At 31.12.2019	49		30		49		40		22		40		40		
At 31.12.2020	49		30		49		40		22		40		49		
	Roadcare	PG-HCM	EISB	HCM-Molek	HCMA	KI-Sabah	KI-Sarawak	Others	Total						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total NCI															
Balance at 31.12.2019	23,395	3,524	10,260	(2,771)	(12,100)	2,760	252	(685)	24,635						
Balance at 31.12.2020	33,213	3,339	12,151	(3,792)	(12,360)	2,814	57	(1,282)	34,140						

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>Roadcare</b>	<b>PG- HCM</b>	<b>EISB</b>	<b>HCM- Molek</b>	<b>HCMA</b>	<b>KI-Sabah</b>	<b>KI- Sarawak</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>At 31 December 2020</u>							
Non-current assets	13,788	1,434	6,364	-	-	1,029	1,490
Current assets	169,436	13,634	34,659	21	4,319	6,654	414
Non-current liabilities	(2,203)	(320)	(422)	-	-	(4)	(660)
Current liabilities	(113,238)	(3,616)	(15,803)	(9,501)	(60,500)	(645)	(1,129)
Net assets/(liabilities)	67,783	11,132	24,798	(9,480)	(56,181)	7,034	115
<u>Financial year ended 31 December 2020</u>							
Revenue	489,239	20,064	116,671	-	-	3,539	912
Profit/(Loss) for the financial year	30,037	2,382	9,860	(2,551)	(639)	637	(153)
Total comprehensive income/(expenses)	30,037	2,382	9,860	(2,551)	(1,181)	637	(153)
Total comprehensive income/(expenses) attributable to NCI	14,718	715	4,831	(1,021)	(260)	254	(66)
Dividends paid to non-controlling interests	4,900	900	2,940	-	-	200	-
Net cash flows from/(for) operating activities	73,134	6,467	8,513	(503)	(431)	995	(194)
Net cash flows from/(for) investing activities	581	(643)	(1,384)	-	-	(34)	82
Net cash flows for financing activities	(11,194)	(2,931)	(6,354)	-	-	(500)	(34)
Net increase/(decrease) in cash and cash equivalents	62,521	2,893	775	(503)	(431)	461	(146)

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Roadcare RM'000	PG- HCM RM'000	EISB RM'000	HCM- Molek RM'000	HCMA RM'000	KI-Sabah RM'000	KI- Sarawak RM'000
<u>At 31 December 2019</u>							
Non-current assets	15,241	935	5,200	-	-	1,176	1,727
Current assets	113,995	15,444	38,602	3,044	4,818	6,596	637
Non-current liabilities	(2,200)	(369)	(151)	-	-	(3)	(687)
Current liabilities	(79,289)	(4,259)	(22,712)	(9,973)	(59,818)	(871)	(1,047)
Net assets/(liabilities)	47,747	11,751	20,939	(6,929)	(55,000)	6,898	630
<u>Financial year ended 31 December 2019</u>							
Revenue	295,217	20,516	104,825	-	-	4,717	577
Profit/(Loss) for the financial year	16,190	2,351	9,193	(11)	1,686	966	(1,526)
Total comprehensive income/(expenses)	16,190	2,351	9,193	(11)	1,696	966	(1,526)
Total comprehensive income/(expenses) attributable to NCI	7,933	705	4,504	(4)	373	387	(611)
Dividends paid to non-controlling interests	4,900	900	2,940	-	-	200	-
Net cash flows (for)/from operating activities	(1,109)	5,466	11,092	(80)	1,402	2,089	(334)
Net cash flows (for)/from investing activities	(1,814)	(685)	(2,431)	-	-	(62)	150
Net cash flows for financing activities	(11,536)	(3,153)	(6,353)	-	-	(522)	(115)
Net (decrease)/increase in cash and cash equivalents	(14,459)	1,628	2,308	(80)	1,402	1,505	(299)

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**6. INVESTMENTS IN ASSOCIATES**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost		
At 1 January	7,914	8,217
Addition during the financial year	300	2
Disposal during the financial year	-	(305)
At 31 December	8,214	7,914
Share of post acquisition results, net of dividend received	9,096	7,286
Foreign exchange translation reserve	(438)	(438)
	16,872	14,762
Redeemable preference shares	1,400	1,400
	18,272	16,162
Accumulated impairment losses	(2,679)	(2,679)
	15,593	13,483

During the financial year:-

- (a) Ikram Education Sdn. Bhd. ("IESB"), an indirect wholly-owned subsidiary of the Company, invested in 20% equity interests in IUKL Molecular Systems Sdn. Bhd., for a total cash consideration of RM2.
- (b) As disclosed in Note 5(d) to the financial statements, V-HCM has been accounted for as an associate of HCME and indirect associate of the Group as HCME still maintains significant influence over V-HCM. The effects of the event has no significant impact on the financial statements of the Group for the current financial year and the financial position of the Group as at the end of the current reporting period.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 6. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates held through HCM Engineering Sdn. Bhd. are as follows: -

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
THT-HCM JV Sdn. Bhd.	Malaysia	40	40	Dormant.
KPS-HCM Sdn. Bhd.	Malaysia	49	49	Buildings, bridges and road construction.
DAL HCM Sdn. Bhd.	Malaysia	30	30	Road maintenance and rehabilitation.
PJP Barisan HCM JV Sdn. Bhd.	Malaysia	30	30	Road maintenance and rehabilitation.
V-HCM Engineering & Construction Co., Ltd. ("V-HCM") #	Kingdom of Cambodia	70	Not Applicable	Road construction and rehabilitation.

Details of associates held through Kumpulan Ikram Sdn. Bhd. are as follows: -

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
Ikram Premier Consulting Sdn. Bhd.	Malaysia	30	30	Provision of consultancy services.
Ikram Engineering Consulting Sdn. Bhd.	Malaysia	30	30	Provision of consultancy services.
Ikram Premier Infrastructure Sdn. Bhd.	Malaysia	30	30	Dormant.

Details of an associate held through Ikram Education Sdn. Bhd. are as follows: -

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
IUKL Molecular Systems Sdn. Bhd.	Malaysia	20	-	Dormant.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**6. INVESTMENTS IN ASSOCIATES (CONT'D)**

Details of an associate held through HCM-Ikhtisas Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
Libyan Malaysian Company for Roads and Construction *	Libya	49	49	Construction and maintenance.

Notes:-

# A company which has been assessed to be an associate of the Group as the Group only has significant influence over V-HCM. The associate company is not required to be audited under the laws of the country of incorporation.

\* The management accounts of Libyan Malaysian Company for Roads and Construction for the financial year ended 31 December 2020 have been used for the purpose of applying the equity method of accounting. As no results have been generated by the associated company during the financial year, there was no share of profit or loss recognised for the financial year.

The Group has impaired its investment in Libyan Malaysian Company for Roads and Construction in prior years due to a civil war in Libya.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 6. INVESTMENTS IN ASSOCIATES (CONT'D)

- (a) The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	<b>KPS-HCM Sdn. Bhd.</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December</b>		
Non-current assets	10,363	631
Current assets	54,813	90,835
Non-current liabilities	(139)	(277)
Current liabilities	(54,369)	(80,243)
<b>Net assets</b>	<b>10,668</b>	<b>10,946</b>
<b>12 months Period Ended 31 December</b>		
Revenue	3,065	48,079
(Loss)/Profit for the financial period	(278)	1,853
Total comprehensive (expenses)/income	(278)	1,833
<b>Group's share of (loss)/profit for the financial period</b>	<b>(136)</b>	<b>898</b>
<b>Reconciliation of Net Assets to Carrying Amount</b>		
Group's share of net assets above	5,227	5,363
Carrying amount of the Group's interest in this associate	5,227	5,363

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**6. INVESTMENTS IN ASSOCIATES (CONT'D)**

- (a) The summarised unaudited financial information for the associate that is material to the Group is as follows (Cont'd):-

	<b>DAL HCM Sdn. Bhd.</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>At 31 December</u>		
Non-current assets	4,815	4,234
Current assets	56,205	43,838
Non-current liabilities	(1,571)	(1,722)
Current liabilities	(40,458)	(32,065)
Net assets	18,991	14,285
<u>12 months Period Ended 31 December</u>		
Revenue	76,564	55,586
Profit for the financial period	7,707	7,594
Total comprehensive income	7,707	7,594
Group's share of profit for the financial period	2,312	2,278
Dividend received	901	-
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	5,697	4,286
Goodwill	3,692	3,692
Carrying amount of the Group's interest in this associate	9,389	7,978

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 6. INVESTMENTS IN ASSOCIATES (CONT'D)

- (a) The summarised unaudited financial information for the associate that is material to the Group is as follows (Cont'd):-

	<b>PJP Barisan HCM JV Sdn. Bhd. 10.9.2019 to 31.12.2020 RM'000</b>
<u>At 31 December</u>	
Non-current assets	333
Current assets	11,222
Non-current liabilities	(72)
Current liabilities	(8,230)
<b>Net assets</b>	<b>3,253</b>
<u>16 months Period Ended 31 December</u>	
Revenue	23,687
Profit for the financial period	2,254
Total comprehensive income	2,254
<b>Group's share of profit for the financial period</b>	<b>676</b>
<u>Reconciliation of Net Assets to Carrying Amount</u>	
Group's share of net assets above	976
<b>Carrying amount of the Group's interest in this associate</b>	<b>976</b>

- (b) The summarised unaudited financial information for all associates (except for Libyan Malaysian Company for Roads and Construction) that are individually immaterial to the Group is as follows:-

	<b>Individually Immaterial Associates</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<u>Financial year ended 31 December</u>		
Group's share of (loss)/profit for the financial year	(141)	152
<b>Aggregate carrying amount of the Group's interests in these associates</b>	<b>1</b>	<b>142</b>

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold		Buildings		Renovation		Reference Books, Office Equipment, Furniture and Fittings		Laboratory Equipment, Plant and Machinery		Motor Vehicles		Capital Work-in- Progress		Total
	Land	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At cost</b>															
At 1 January 2020	62,782	99,159	24,387	60,208	74,429	41,268	34,207	396,440							
Additions	-	7,761	479	1,321	375	3,082	28,829	41,847							
Disposals	-	-	-	(89)	(75)	(1,631)	-	(1,795)							
Reclassification	-	34,783	236	201	-	-	(35,220)	-							
Written off	-	-	-	(248)	(238)	-	-	(486)							
At 31 December 2020	62,782	141,703	25,102	61,393	74,491	42,719	27,816	436,006							
<b>Accumulated depreciation</b>															
At 1 January 2020	-	20,403	19,894	52,478	68,110	28,693	-	189,578							
Depreciation charges	-	2,304	1,446	2,182	1,853	2,702	-	10,487							
Disposals	-	-	-	(79)	(62)	(1,621)	-	(1,762)							
Written off	-	-	-	(227)	(233)	-	-	(460)							
At 31 December 2020	-	22,707	21,340	54,354	69,668	29,774	-	197,843							
<b>Carrying amount at 31 December 2020</b>	62,782	118,996	3,762	7,039	4,823	12,945	27,816	238,163							

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold Land		Buildings		Renovation		Reference Books, Office Equipment, Furniture and Fittings		Laboratory Equipment, Plant and Machinery		Motor Vehicles		Capital Work-in-Progress		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At cost</b>															
At 1 January 2019	63,193	100,495	24,288	60,061	76,707	40,355	1,821	366,920							
Additions	-	-	151	820	304	4,201	32,386	37,862							
Disposals	(411)	(1,336)	(52)	(604)	(2,562)	(3,281)	-	(8,246)							
Reclassification	-	-	-	(8)	8	-	-	-							
Written off	-	-	-	(61)	(28)	(7)	-	(96)							
At 31 December 2019	62,782	99,159	24,387	60,208	74,429	41,268	34,207	396,440							
<b>Accumulated depreciation</b>															
At 1 January 2019	-	18,662	18,314	50,784	67,778	28,371	-	183,909							
Depreciation charges	-	2,102	1,617	2,317	2,520	3,359	-	11,915							
Disposals	-	(361)	(37)	(563)	(2,160)	(3,035)	-	(6,156)							
Written off	-	-	-	(60)	(28)	(2)	-	(90)							
At 31 December 2019	-	20,403	19,894	52,478	68,110	28,693	-	189,578							
<b>Carrying amount at 31 December 2019</b>	62,782	78,756	4,493	7,730	6,319	12,575	34,207	206,862							

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<b>Office Equipment, Furniture and Fittings</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>The Company</b>		
<b>At cost</b>		
At 1 January	202	202
Additions	27	6
Disposal	(6)	(6)
At 31 December	223	202
<b>Accumulated depreciation</b>		
At 1 January	(138)	(111)
Depreciation charge	(25)	(29)
Disposal	3	2
At 31 December	(160)	(138)
<b>Carrying amount</b>	63	64

- (a) The carrying amounts of the property, plant and equipment of the Group at the end of the reporting period pledged as security with the financial institutions for credit facilities granted to the Group as disclosed in Note 29 and Note 32 to the financial statements were as follows: -

	<b>The Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Freehold land	62,782	62,782
Buildings	64,665	67,849
Solar plant under construction	19,731	-
	147,178	130,631

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The capital work-in-progress represents the construction of the following buildings:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Hotel building	-	32,340
Solar plant	19,731	1,430
Others	-	437
	19,731	34,207

### 8. INVESTMENT PROPERTIES

<b>The Group</b>	<b>Mall</b>	<b>Condominium</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>			
At 1 January 2020/31 December 2020	38,807	46,319	85,126
<b>Accumulated depreciation</b>			
At 1 January 2020	(3,268)	(3,113)	(6,381)
Depreciation charges	(851)	(972)	(1,823)
At 31 December 2020	(4,119)	(4,085)	(8,204)
<b>Carrying amount at 31 December 2020</b>	34,688	42,234	76,922
<b>At fair value:-</b>			
<b>2020</b>	38,000	55,088	

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 8. INVESTMENT PROPERTIES (CONT'D)

The Group	Mall RM'000	Condominium RM'000	Total RM'000
<b>At cost</b>			
At 1 January 2019	38,875	46,235	85,110
Additions	-	172	172
Cost saving *	(68)	(88)	(156)
At 31 December 2019	38,807	46,319	85,126
<b>Accumulated depreciation</b>			
At 1 January 2019	(2,417)	(2,144)	(4,561)
Depreciation charges	(851)	(969)	(1,820)
At 31 December 2019	(3,268)	(3,113)	(6,381)
<b>Carrying amount at 31 December 2019</b>	<b>35,539</b>	<b>43,206</b>	<b>78,745</b>
<b>At fair value:-</b>			
<b>2019</b>	<b>44,000</b>	<b>55,088</b>	

Note:-

\* In the previous financial year, the cost saving was related to adjustment to the revision of the final construction costs of the mall and condominium.

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 15 years and an option that is exercisable by the customers to extend their leases ranging from 1 to 3 years.

The Group requires 1 to 3 months of advanced rental payments from the customers. When considered necessary, the Group would require a bank guarantee on certain of its lease arrangements. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 8. INVESTMENT PROPERTIES (CONT'D)

- (a) As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

The Group	Mall RM'000	Condominium RM'000	Total RM'000
<b>2020</b>			
Within 1 year	1,943	-	1,943
Between 1 and 2 years	1,700	221	1,921
Between 2 and 3 years	1,385	-	1,385
Between 3 and 4 years	798	-	798
Between 4 and 5 years	-	-	-
Later than 5 years	-	-	-
	5,826	221	6,047

The Group	Mall RM'000	Condominium RM'000	Total RM'000
<b>2019</b>			
Within 1 year	1,511	587	2,098
Between 1 and 2 years	1,215	-	1,215
Between 2 and 3 years	865	-	865
Between 3 and 4 years	771	-	771
Between 4 and 5 years	785	-	785
Later than 5 years	5,047	-	5,047
	10,194	587	10,781

- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy.

The fair values of investment properties were determined by reference to:-

- (i) market evidence of transaction prices for similar properties;
- (ii) valuation reports performed by registered valuers having appropriate professional qualification; and
- (iii) recent experience in the locations and category of properties being valued.

The most significant input into these valuation approaches is the price per square foot of comparable properties.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 9. RIGHT-OF-USE ASSETS

<b>The Group</b>	<b>At 1.1.2020 RM'000</b>	<b>Additions RM'000</b>	<b>Depreciation Charges RM'000</b>	<b>At 31.12.2020 RM'000</b>
Leasehold land	7,569	-	(279)	7,290
Offices and shop lots	2,390	2,781	(2,071)	3,100
Motor vehicles	1,466	149	(425)	1,190
Laboratory equipment	1,919	-	(501)	1,418
	13,344	2,930	(3,276)	12,998
Analysed by:-				
Cost	24,053			
Accumulated depreciation	(11,055)			
	12,998			

<b>The Group</b>	<b>At 1.1.2019 RM'000</b>	<b>Additions RM'000</b>	<b>Depreciation Charges RM'000</b>	<b>At 31.12.2019 RM'000</b>
Leasehold land	7,848	-	(279)	7,569
Offices and shop lots	2,308	2,206	(2,124)	2,390
Motor vehicles	1,449	331	(314)	1,466
Laboratory equipment	2,420	-	(501)	1,919
	14,025	2,537	(3,218)	13,344
Analysed by:-				
Cost	21,123			
Accumulated depreciation	(7,779)			
	13,344			

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 9. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group leases certain pieces of leasehold land, various offices and shop lots, laboratory equipment and motor vehicles of which the leasing activities are summarised below:-

- |                            |   |
|----------------------------|---|
| (i) Leasehold land         | The Group has entered into several non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the agreements. |
| (ii) Offices and shop lots | The Group has leased a number of offices and shop lots that run between 1 year and 3 years, with an option to renew the lease after that date.  |
| (iii) Laboratory equipment | The Group has leased certain laboratory equipment under hire purchase arrangements. The leases are secured by the leased assets.  |
| (iv) Motor vehicles        | The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets.  |

### 10. INVENTORIES

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current:-		
Land held for property development (Note 10(a))	42,517	17,389
Current:-		
Property development costs (Note 10(b))	13,223	20,419
Stores and spares	1,451	1,316
Developed properties held for sale	14,685	15,122
	29,359	36,857
	71,876	54,246

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	263,355	140,644

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**10. INVENTORIES (CONT'D)****(a) Land held for property development (non-current)**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:-		
At 1 January	17,389	17,389
Addition	38,784	-
Disposal	(13,656)	-
At 31 December	42,517	17,389
Comprise:-		
Freehold land - proprietor's entitlement	38,784	-
Right-of-use assets (leasehold land)	3,733	17,389
	42,517	17,389

The right-of-use assets (leasehold land) comprises one (2019 - four) parcels of commercial land which were pledged to a financial institution as security for credit facilities granted to the Group as disclosed in Note 29 to the financial statements.

**(b) Property development costs (current)**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January:-		
Freehold land	1,500	1,500
Right-of-use assets (leasehold land)	12,265	12,265
Development costs	6,654	3,868
	20,419	17,633
During the financial year:-		
Additions	872	2,786
Written off	(8,068)	-
At 31 December	13,223	20,419
Represented by:-		
Freehold land	-	1,500
Right-of-use assets (leasehold land)	12,265	12,265
Development costs	958	6,654
	13,223	20,419

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 10. INVENTORIES (CONT'D)

#### (b) Property development costs (current) (Cont'd)

The freehold land and right-of-use assets (leasehold land) included in the property development costs of the Group are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 29 and Note 33 to the financial statements.

### 11. LONG-TERM INVESTMENTS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At fair value:-		
Unquoted shares	10	10
Golf club memberships	135	135
	145	145
Unquoted shares:-		
At 1 January/31 December	10	10
Golf club memberships:-		
At 1 January/31 December	135	135
	145	145

### 12. DEFERRED TAX ASSETS/(LIABILITIES)

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	(4,476)	(7,650)
Recognised in profit or loss (Note 38)	228	3,174
At 31 December	(4,248)	(4,476)
Presented as follows:-		
Deferred tax assets	177	161
Deferred tax liabilities	(4,425)	(4,637)
	(4,248)	(4,476)

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before appropriate offsetting are as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets:-				
Provision	-	2,209	-	-
Lease liability	1,542	1,483	-	-
Unutilised tax losses	88	88	-	-
Unabsorbed capital allowances	-	583	7	7
	1,630	4,363	7	7
Deferred tax liabilities:-				
Accelerated capital allowances	(4,520)	(7,529)	(7)	(7)
Right-of-use assets	(1,358)	(1,310)	-	-
	(5,878)	(8,839)	(7)	(7)
Net	(4,248)	(4,476)	-	-

The deferred tax assets on unutilised tax losses and unabsorbed capital allowances have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

No deferred tax assets have been recognised in respect of the following items (stated at gross):-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Provision	18,225	6,674	-	-
Unutilised tax losses	97,126	87,986	26,897	26,112
Unabsorbed capital allowances	1,216	919	177	145
	116,567	95,579	27,074	26,257

At the end of the reporting period, the unutilised tax losses and unabsorbed capital allowances that (stated at gross) are available to offset against future taxable profits of the subsidiaries and the Company in which the losses and allowances arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and the Company will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 13. CONTRACT COST ASSETS

	The Group	
	2020 RM'000	2019 RM'000
Incremental costs of obtaining contracts	26	-
Costs to fulfil a contract	-	560
At 31 December	26	560

The incremental costs of obtaining contracts primarily comprise commissions paid to introducers as a result of obtaining contracts. The costs are to be amortised over the period when the related revenue is recognised.

In the previous financial year, the costs to fulfil a contract represent costs incurred mainly for road maintenance works in the state of Terengganu that was used to fulfil the related contract in future. The costs were amortised on a straight-line method over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

### 14. TRADE RECEIVABLES

	The Group	
	2020 RM'000	2019 RM'000
Trade receivables	163,714	194,528
Retention sums	35,386	30,410
Allowance for impairment losses	199,100 (49,946)	224,938 (33,064)
	149,154	191,874
Allowance for impairment losses:-		
At 1 January	(33,064)	(35,080)
Addition during the financial year	(22,526)	(5,563)
Reversal during the financial year	5,092	6,347
Write-off during the financial year	552	1,232
At 31 December	(49,946)	(33,064)

The Group's normal trade credit terms range from 21 to 90 (2019 - 21 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The retention sums are unsecured, interest-free and due to be received within 6 to 24 months or within normal operating cycle (2019 - 6 to 24 months or within normal operating cycle).

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**15. CONTRACT ASSETS**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Contract assets relating to:		
- Construction contracts	28,670	258,622
- Rendering of services	20	23
- Accrued billings in respective of sale of goods	-	121
	<b>28,690</b>	<b>258,766</b>

The contract assets primarily relate to the Group's right to consideration for completed works but not yet billed as at the reporting date. The contract assets are recoverable upon billing to customers.

**16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	96,625	112,147	84,648	84,663
Deposits	25,130	28,820	14	14
Prepayments	4,578	1,044	-	9
	<b>126,333</b>	<b>142,011</b>	<b>84,662</b>	<b>84,686</b>
Allowance for impairment losses	(110,033)	(109,501)	(84,644)	(84,643)
	<b>16,300</b>	<b>32,510</b>	<b>18</b>	<b>43</b>
Allowance for impairment losses:-				
At 1 January	(109,501)	(108,027)	(84,643)	(84,643)
Addition during the financial year	(1,609)	(2,197)	(1)	-
Reversal during the financial year	1,077	661	-	-
Write-off during the financial year	-	62	-	-
At 31 December	<b>(110,033)</b>	<b>(109,501)</b>	<b>(84,644)</b>	<b>(84,643)</b>

Included in the other receivables and deposits of the Group and of the Company was an amount of RM84,643,170 (2019 - RM84,643,170) paid for the proposed acquisition of 78,750,000 ordinary shares of IDR1,000 each, representing 63% equity interest in PT Anglo Slavic Indonesia. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 46(a) to the financial statements.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Included in the deposits of the Group was an amount of RM18,904,000 (2019 - RM18,904,000) paid as coal trades deposits. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 46(b) to the financial statements.

### 17. AMOUNTS OWING BY/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, and bore effective interest rates ranging from 3.49% to 4.38% (2019 - 3.49% to 4.38%) per annum and repayable on demand. The amounts owing are to be settled in cash.

### 18. AMOUNTS OWING BY/(TO) ASSOCIATES

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount Owing by Associates</b>		
Trade balances	1,287	1,106
<b>Amount Owing to Associates</b>		
Trade balances	(1,992)	(1,977)
Allowance for impairment losses:-		
At 1 January	-	(57)
Reversal during the financial year	-	57
At 31 December	-	-

The trade balances are subject to normal trade credit terms ranging from 30 to 90 (2019 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The amounts owing are to be settled in cash.

### 19. SHORT-TERM INVESTMENTS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Money market fund, at fair value	47,133	46,811

Short-term investments are classified as financial assets at fair value through profit or loss, measured at fair value.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**20. DEPOSITS WITH LICENSED BANKS**

Deposits with licensed banks of the Group amounting to approximately RM4,326,000 (2019 - RM5,864,000) are pledged to banks for bank guarantees and credit facilities granted to the subsidiaries.

The effective interest rates of the deposits with licensed banks at the end of the reporting period were as follows:-

	The Group		The Company	
	2020 %	2019 %	2020 %	2019 %
Effective Interest Rates	1.15 to 3.35	2.4 to 3.35	1.6	2.9 to 3.15

The maturity periods of the deposits with licensed banks at the end of the reporting period were as follows:-

Maturity periods (day)	8 to 365	2 to 365	30	2 to 365
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**21. CASH AND BANK BALANCES**

Included in cash and bank balances of the Group are as follows:-

- (i) a sum of approximately RM6,857,531 (2019 - RM4,278,784) held under a Housing Development Account pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.
- (ii) a Debt Service Account amounting to RM1,000,000 (2019 - RM1,000,000) pledged to a licensed bank for bank overdraft facilities granted to a subsidiary.
- (iii) a Finance Service Account amounting to RM402,000 (2019 - RM402,000) pledged to a licensed bank for term loan facility granted to a subsidiary.

**22. SHARE CAPITAL**

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares			
	'000	'000	RM'000	RM'000
<b>Issued and fully paid-up</b>				
At 1 January/31 December	495,392	495,392	249,437	249,437

Of the total 495,392,310 (2019 - 495,392,310) issued and fully paid-up ordinary shares at the end of the reporting period, ordinary shares amounted to 13,651,900 (2019 - 10,378,900) were held as treasury shares by the Company. At the end of the reporting period, the number of outstanding ordinary shares in issue and fully paid-up, net of treasury shares, amounted to 481,740,410 (2019 - 485,013,410).

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 22. SHARE CAPITAL (CONT'D)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

### 23. TREASURY SHARES

	The Group/The Company	
	2020 RM'000	2019 RM'000
At 1 January	3,118	1,130
Share buy-back during the financial year	634	1,988
At 31 December	3,752	3,118

The amount relates to the acquisition cost of treasury shares.

At the annual general meeting held on 5 August 2020, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	Price per Share RM	Number of Shares	Total Costs RM'000
At 1 January 2020		10,378,900	3,118
Purchases in the month of:			
- March 2020	0.12 to 0.248	3,273,000	634
At 31 December 2020		13,651,900	3,752

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from shareholders' equity. None of the treasury shares were resold during the financial year.

### 24. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of foreign subsidiaries, foreign associates and foreign branch and is not distributable by way of dividends.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 25. CAPITAL RESERVE

The capital reserve relates to the Group's portion of bonus shares issued by a sub-subsidiary through the capitalisation of its retained profits account. The reserve is not distributable as cash dividends.

### 26. WARRANTS

On 26 April 2018, the Company issued 106,051,448 Warrants 2018/2023 on the basis of one (1) free Warrant for every four (4) ordinary shares held in the Company. The salient features of Warrants 2018/2023 as constituted in the Deed Poll dated 10 April 2018 are as follows:-

<b>Terms</b>	<b>Details</b>
Exercise Rights	Each Warrant entitles the Warrantheader, at any time during the Exercise Period, to subscribe for one (1) new Ordinary Share at the Exercise Price subject to the conditions in accordance with provisions of the Deed Poll.
Exercise Period	The period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00p.m. in Kuala Lumpur, on the Expiry Date. Any Warrants which has not been exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
Expiry Date	The day preceding the 5 <sup>th</sup> anniversary of the date of issuance of the Warrants and if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Market Day	Any day between Monday to Friday (inclusive), excluding public holidays, and on which Bursa Securities is open for trading of securities.
Exercise Price	The price payable by a Warrantheader upon exercise of the Exercise Rights attached to the Warrants being RM0.75 or adjusted price as determined in accordance with provisions of the Deed Poll, if applicable.
Rights of the Warrantheaders	<p>The new Ordinary Share to be issued from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Ordinary Shares, save and except that the new Ordinary Shares to be issued from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the relevant entitlement date is before the date of allotment and issuance of the new Ordinary Shares from the exercise of the Warrants;</p> <p>Warrantheaders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer to further securities to the Ordinary Shareholders in the Company unless and until the Warrantheaders become Ordinary Shareholders by exercising their respective Warrants in accordance with the terms and conditions contained herein or unless otherwise provided in the Deed Poll.</p>

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 26. WARRANTS (CONT'D)

The salient features of Warrants 2018/2023 as constituted in the Deed Poll dated 10 April 2019 are as follows (Cont'd):-

<b>Terms</b>	<b>Details</b>
Board Lot	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise of 100 Warrants carrying the rights to subscribe for 100 new Ordinary Shares at any time during the Exercise Period, or such other denomination as may be varied from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities").
Modification of Rights of the Warranholders	The Company may, from time to time, without the consent or sanction of the Warranholders, but in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warranholders or is made to correct a manifest error or to comply with prevailing laws of Malaysia, and/or the Main Market Listing Requirements of Bursa Securities.
Governing Law and Jurisdiction	The Deed Poll shall be governed by, and construed in accordance with, the laws of Malaysia and the Courts of Malaysia shall have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed Poll, and the Company submits and the Warranholders shall be deemed to have submitted to the exclusive jurisdiction of the Courts of Malaysia in respect of any legal action or proceedings arising out of or in connection with the Deed Poll.

The following is the movement in the number of Warrants 2018/2023 to take up unissued ordinary shares of the Company during the financial year:-

	<b>Number of Warrants 2018/2023</b>
At 1 January 2020/31 December 2020	106,051,448

### 27. LONG-TERM BORROWINGS

	<b>The Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Secured:-		
Term loans (Note 29)	88,786	70,062

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**27. LONG-TERM BORROWINGS (CONT'D)**

The long-term borrowings are obtained in accordance with the following terms:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Conventional:-		
Term loans	32,132	36,397
Islamic:-		
Term loans	56,654	33,665
	88,786	70,062

**28. LEASE LIABILITIES**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	8,751	9,581
Addition during the financial year	2,690	2,505
Interest expense recognised in profit or loss (Note 36)	641	712
Repayment of principal	(2,640)	(3,620)
Repayment of interest expense	(641)	(427)
	8,801	8,751
Analysed by:-		
Current liabilities	2,579	2,524
Non-current liabilities	6,222	6,227
	8,801	8,751

Certain lease liabilities of the Group are secured by the Group's laboratory equipment and motor vehicles under the hire purchase arrangements as disclosed in Notes 9(a)(iii) and 9(a)(iv) to the financial statements respectively, with lease terms ranging from 1 to 9 years and bear effective interest rates ranging from 3.22% to 6.54% (2019 - 4.44% to 6.54%).

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 29. TERM LOANS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Current (Note 32):		
- not later than one year	19,018	222,643
Non-current (Note 27):		
- later than one year but not later than two years	50,874	25,548
- later than two years but not later than five years	37,209	43,607
- later than five years	703	907
	88,786	70,062
	107,804	292,705

Details of the repayment terms are as follows:-

<b>Term Loan</b>	<b>Number of Monthly Instalment</b>	<b>Monthly Instalments RM</b>	<b>Date of Commencement of Repayment</b>	<b>The Group Amount Outstanding</b>	
				<b>2020</b>	<b>2019</b>
				<b>RM'000</b>	<b>RM'000</b>
1	240	8,205	February 2011	841	903
2	240	3,809	March 2012	397	426
3	24	645,834	May 2018	11,184	12,271
4	144	#	June 2017	27,084	29,584
5	*	*	October 2016	17,412	20,091
6	**	**	September 2020	-	204,199
7	240	4,892	June 2017	687	699
8 ^	***	***	***	25,200	24,532
9 ^	143	41,808	January 2021	1,604	-
10 ^	143	247,045	July 2021	23,395	-
				107,804	292,705

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**29. TERM LOANS (CONT'D)**

Notes:-

\* The term loan is repayable on quarterly basis with 22 quarter instalments of RM1,339,000 per quarter.

\*\* The term loan is repayable as follows, whichever is earlier:-

- (a) upon receipt of sale proceeds and proceeds from facilitation funds with regard to a construction project; and/or
- (b) through a final bullet payment of the balance of loan or up to the facility's limit of RM216 million on the 36<sup>th</sup> month of loan drawdown.

\*\*\* The term loan is repayable on quarterly basis with 20 equal instalments of RM1,400,000 per quarter and repayable as follows, whichever is earlier:-

- (a) upon expiry of twenty-four (24) months period from the date of the first disbursement of the term loan; or
- (b) upon full disbursement of the term loan.

# The repayment of the term loan will be commencing on the 25<sup>th</sup> month from the date of first drawdown. The monthly repayment schedule is as follows:-

	RM'000
(i) 1 <sup>st</sup> - 24 <sup>th</sup> month	-
(ii) 25 <sup>th</sup> - 48 <sup>th</sup> month	250
(iii) 49 <sup>th</sup> - 60 <sup>th</sup> month	400
(iv) 61 <sup>st</sup> - 108 <sup>th</sup> month	500
(v) 109 <sup>th</sup> - 143 <sup>rd</sup> month	700
(vi) 144 <sup>th</sup>	12,700

^ The Group has not fully drawn down these term loans during the financial year.

Term loans 1 to 10 are secured by a corporate guarantee of the Company. In addition, the respective term loans are secured as follows:-

Term Loans 1, 2 and 7 are secured by legal charges over certain freehold land and buildings of the Group as disclosed in Note 7(a) to the financial statements.

Term Loan 3 is secured by a first party legal charge over the right-of-use assets (leasehold land) of the Group as disclosed in Note 10 (a) to the financial statements.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 29. TERM LOANS (CONT'D)

Term Loan 4 is secured by:-

- (a) a third party legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 10 (b) to the financial statements;
- (b) a third party legal charge over certain freehold land and building of a subsidiary;
- (c) a fixed and floating charge over all present and future asset of a certain project of a subsidiary;
- (d) a legal charge and an assignment over the Project Account of the property development project of a subsidiary; and
- (e) a legal charge and an assignment over the residual value in the Housing Development Account upon completion of a certain project of a subsidiary.

Term Loan 5 is secured by:-

- (a) a Facility Agreement stamped to the amount of facilities advance; and
- (b) a third party charge ranking pari passu with all existing charges over the property held under a subsidiary.

Term Loan 6 was secured by:-

- (a) an assignment by a subsidiary of the Company on the facilitation fund and proceeds receivable from a project awarded by the Government of Malaysia.
- (b) a charge over the Debt Service Reserve Account maintained by a subsidiary.

Term Loan 8 is secured by:-

- (a) a first party legal charge over the freehold land of the Group as disclosed in Note 7(a) to the financial statements.
- (b) a charge over the Finance Service Reserve Account maintained by a subsidiary as disclosed in Note 21 (iii) to the financial statements.

Term Loans 9 and 10 are secured by legal charges over the solar plant under construction of the Group as disclosed in Note 7(a) to the financial statements.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**30. TRADE PAYABLES**

	<b>The Group</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Trade payables	115,170	142,635
Accrued costs	29,133	68,551
Retention sums	24,048	28,794
	168,351	239,980
Deferred income	5,624	6,900
	173,975	246,880

The normal trade credit terms granted to the Group range from 14 to 180 (2019 - 30 to 180) days.

The retention sums are unsecured, interest-free and due to be paid within 6 to 12 (2019 - 6 to 12) months or within normal operating cycle.

Deferred income represents course fees received in advance from students and will be recognised as revenue over the period of the courses.

**31. OTHER PAYABLES AND ACCRUALS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Non-current:-				
Other payables	23,784	-	-	-
Current:-				
Other payables	45,976	38,103	-	-
Accruals	23,322	7,147	884	235
	69,298	45,250	884	235
	93,082	45,250	884	235

- (a) The non-current payables represent the proprietor's entitlement payable to Penmaland Sdn. Bhd., pursuant to the Joint Development Agreement dated 1 March 2019 as disclosed in Note 47(a) to the financial statements.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 31. OTHER PAYABLES AND ACCRUALS (CONT'D)

- (b) Included in the current other payables and accruals of the Group is an advance payment received from the Government of Malaysia amounting to RM8,700,000 (2019 - RM8,700,000). The amount owing is interest-free, repayable on demand and secured by a corporate guarantee given by a subsidiary to the Government of Malaysia. The amount owing is to be settled in cash.

### 32. SHORT-TERM BORROWINGS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured:-		
Revolving credit	76,757	57,757
Term loans (Note 29)	19,018	222,643
Bills payable	37,057	22,971
<b>Total secured borrowings</b>	<b>132,832</b>	<b>303,371</b>

The short-term borrowings are obtained in accordance with the following terms:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Conventional:-		
Revolving credits	38,757	38,757
Bills payable	17,917	12,581
Term loans	8,060	211,685
	64,734	263,023
Islamic:-		
Revolving credits	38,000	19,000
Bills payable	19,140	10,390
Term loans	10,958	10,958
	68,098	40,348
<b>Total short-term borrowings</b>	<b>132,832</b>	<b>303,371</b>

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 32. SHORT-TERM BORROWINGS (CONT'D)

The secured revolving credit is secured by:-

- (a) a corporate guarantee of the Company;
- (b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7(a) to the financial statements; and
- (c) a pledge of certain deposits placed with licensed banks as disclosed in Note 20 to the financial statements.

### 33. BANK OVERDRAFTS

Included in the bank overdrafts is approximately RM16,144,000 (2019 - RM6,305,000) which is secured by:-

- (i) a Debt Service Account maintained by a subsidiary as disclosed in Note 21(ii) to the financial statements;
- (ii) a first legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 10(b) to the financial statements;
- (iii) a fixed and floating charge over all present and future assets of the property development project of a subsidiary;
- (iv) deed of assignment over the Project Account of the property development project of a subsidiary; and
- (v) a corporate guarantee of the Company.

The remaining bank overdrafts of approximately RM13,492,000 (2019 - RM19,623,000) are secured by an assignment by a subsidiary of the Company on the facilitation fund and proceeds receivable from a project awarded by the Government of Malaysia. The bank overdraft facilities are obtained in accordance with conventional terms.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 34. REVENUE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gross dividends from subsidiaries	-	-	-	5,100
Management fees from subsidiaries	-	-	6,780	5,000
Maintenance services	634,688	434,885	-	-
Construction contracts	16,827	140,443	-	-
Property development	21,595	4,883	-	-
Trading and manufacturing	262,432	129,860	-	-
Education	32,949	44,360	-	-
Engineering services	25,138	28,866	-	-
Clean energy	2,552	-	-	-
Others	-	406	-	-
	996,181	783,703	6,780	10,100

Other than the contracts for original periods of one year or less, the transaction price allocated for the remaining performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period in relation to construction contracts amounting to approximately RM20,997,000 (2019 - RM55,125,000) are expected to be recognised as revenue within 1 to 2 (2019 - 1 to 2) years.

### 35. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment losses:				
- trade receivables (Note 14)	22,526	5,563	-	-
- other receivables (Note 16)	1,609	2,197	1	-
Reversal of impairment losses:				
- trade receivables (Note 14)	(5,092)	(6,347)	-	-
- other receivables (Note 16)	(1,077)	(661)	-	-
- amount owing by associates (Note 18)	-	(57)	-	-
	17,966	695	1	-

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**36. (LOSS)/PROFIT BEFORE TAXATION**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Audit fee:				
- for the financial year	718	729	89	70
- under/(over)provision in the previous financial year	17	105	(4)	22
Bad debts written off	64	561	-	-
Depreciation:				
- property, plant and equipment	10,487	11,915	25	29
- investment properties	1,823	1,820	-	-
- right-of-use assets	3,276	3,218	-	-
Property, plant and equipment written off	26	6	-	-
Direct operating expenses on investment properties	1,641	1,676	-	-
Directors' remuneration (Note 37)	5,210	4,865	1,963	1,830
Interest expense:				
- bank overdrafts	2,602	2,147	363	363
- bills payable	934	955	-	-
- lease liabilities	641	712	-	-
- revolving credit	2,795	3,932	-	-
- term loans	12,163	12,180	-	-
- others	57	36	-	18
Lease expenses:				
- short-term leases	1,507	1,786	49	19
- low-value leases	20	20	-	-
Net loss on derecognition of subsidiaries upon struck off	-	7	-	-
Property development costs written off	8,068	-	-	-

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 36. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Staff costs:				
- salaries, wages, bonuses and allowances	65,276	69,349	3,682	4,779
- defined contribution plan	7,281	7,529	437	455
- other benefits	3,178	5,002	239	141
Gain on disposal of:				
- property, plant and equipment	(193)	(329)	-	-
Income from short-term investments	(574)	(609)	(1)	(22)
Interest income	(1,252)	(1,197)	(27)	(52)
Government grant	(914)	-	(44)	-
Net foreign exchange (gain)/loss:				
- unrealised	-	1	-	-
- realised	(9)	(24)	-	-
Lease income:				
- property, plant and equipment	(91)	(187)	-	-
- others	(115)	(489)	-	-
Writeback of bad debts	-	(2,662)	-	-

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**37. DIRECTORS' REMUNERATION**

The aggregate amounts of remuneration received and receivable by the Directors of the Group and the Company during the financial year are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>				
Executive Directors' remuneration:				
- Other emoluments	2,447	2,424	1,169	1,473
Non-executive Directors' remuneration:				
- Fees	290	368	255	331
- Other emoluments	29	30	539	26
	319	398	794	357
<b>Directors of the Subsidiaries</b>				
Executive Directors' remuneration:				
- Fees	363	153	-	-
- Other emoluments	2,081	1,890	-	-
	2,444	2,043	-	-
Total Directors' emoluments	5,210	4,865	1,963	1,830
Estimated money value of benefits-in-kind	85	69	42	35
	5,295	4,934	2,005	1,865

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 37. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by the Directors of the Company and its subsidiaries during the financial year are as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented as follows:-				
Executive:-				
Short-term employee benefits	4,509	4,144	1,582	1,416
Defined contribution plan	382	323	102	57
Estimated money value of benefits-in-kind	85	69	42	35
	4,976	4,536	1,726	1,508
Non-Executive:-				
Short-term employee benefits	314	393	279	357
Defined contribution plan	5	5	-	-
	5,295	4,934	2,005	1,865

### 38. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expenses:				
- for the financial year	22,438	13,696	-	-
- (over)/underprovision in the previous financial year	(633)	1,092	-	-
	21,805	14,788	-	-
Deferred tax (Note 12):				
- relating to origination and reversal of temporary differences	(228)	(808)	-	-
- overprovision in the previous financial year	-	(2,366)	-	-
	(228)	(3,174)	-	-
	21,577	11,614	-	-

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**38. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before taxation	14,551	30,881	(2,288)	37
Tax at the statutory rate of 24% (2019 - 24%)	3,492	7,411	(549)	9
Tax effects of:-				
Non-deductible expenses	14,965	6,867	353	478
Non-taxable income	(1,284)	(1,342)	-	(1,224)
Utilisation of deferred tax assets previously not recognised	(774)	(3,198)	-	-
Deferred tax assets not recognised during the financial year	5,811	3,150	196	737
(Over)/Underprovision in the previous financial year:				
- current tax	(633)	1,092	-	-
- deferred tax	-	(2,366)	-	-
Income tax expense for the financial year	21,577	11,614	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. The taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Income tax savings during the financial year arising from:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Utilisation of current financial year's tax losses	-	272	-	-
Utilisation of tax losses previously not recognised as deferred tax assets	3,225	13,246	-	-
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax	-	79	-	-
	3,225	13,597	-	-

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 39. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year.

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
Net (loss)/profit for the financial year (RM'000)	(25,233)	6,272
Weighted average number of ordinary shares in issue ('000)	482,369	485,256
Basic (loss)/earning per share (sen)	(5.23)	1.29
Diluted (loss)/earning per share (sen)	(5.23)	1.29

The potential conversion of Warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the potential exercise of the warrants has been ignored in the calculation of dilutive (loss)/earnings per share and hence, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

### 40. DIVIDENDS

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of the financial year ended 31 December 2019:		
- first dividend of 0.6 sen per ordinary share	-	2,922
- second dividend of 0.6 sen per ordinary share	-	2,910
	-	5,832

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**41. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment and addition of right-of-use assets are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Property, plant and equipment</b>				
Cost of property, plant and equipment purchased (Note 7)	41,847	37,862	27	6
Amount financed through term loan	-	(24,532)	-	-
	41,847	13,330	27	6
<b>Right-of-use assets</b>				
Cost of right-of-use assets (Note 9)	2,930	2,537	-	-
Less: Addition of new lease liabilities (Note 28)	(2,690)	(2,505)	-	-
	240	32	-	-

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 41. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows: -

	<b>Term Loans RM'000</b>	<b>Lease Liabilities RM'000</b>	<b>Other Short-term Borrowings RM'000</b>	<b>Dividend Payables RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>					
<b>2020</b>					
At 1 January	292,705	8,751	80,728	2,910	385,094
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	28,467	-	33,086	-	61,553
Repayment of principal	(213,368)	(2,640)	-	-	(216,008)
Repayment of interests	(12,163)	(641)	(3,729)	-	(16,533)
Dividends paid	-	-	-	(2,910)	(2,910)
	(197,064)	(3,281)	29,357	(2,910)	(173,898)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	2,690	-	-	2,690
Interest expense recognised in profit and loss	12,163	641	3,729	-	16,533
	12,163	3,331	3,729	-	19,223
At 31 December	107,804	8,801	113,814	-	230,419

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**41. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	<b>Term Loans RM'000</b>	<b>Lease Liabilities RM'000</b>	<b>Other Short-term Borrowings RM'000</b>	<b>Dividend Payables RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>					
<b>2019</b>					
At 1 January	167,250	9,581	80,991	-	257,822
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	113,011	-	-	-	113,011
Repayment of principal	(12,088)	(3,620)	(263)	-	(15,971)
Repayment of interests	(12,180)	(427)	(4,923)	-	(17,530)
Dividends paid	-	-	-	(2,922)	(2,922)
	88,743	(4,047)	(5,186)	(2,922)	76,588
<u>Non-cash Changes</u>					
Acquisition of new leases	-	2,505	-	-	2,505
Purchase of property, plant and equipment	24,532	-	-	-	24,532
Dividend declared	-	-	-	5,832	5,832
Interest expense recognised in profit and loss	12,180	712	4,923	-	17,815
	36,712	3,217	4,923	5,832	50,684
At 31 December	292,705	8,751	80,728	2,910	385,094

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 41. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Amount owing to subsidiaries	
	2020 RM'000	2019 RM'000
At 1 January	3,217	4,239
<u>Changes in Financing Cash Flows</u>		
Advances from subsidiaries	30	-
Repayment to subsidiaries	-	(1,022)
At 31 December	3,247	3,217

(c) The total cash outflows for a lease as a lessee are as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Payment of short-term leases	1,507	1,786
Payment of low-value assets	20	20
Interest paid on lease liabilities	641	427
Payment of lease liabilities	2,640	3,620
	4,808	5,853

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term investments	47,133	46,811	-	-
Deposits with licensed banks	21,516	43,333	1,540	4,614
Cash and bank balances	187,350	112,770	568	463
Bank overdrafts	(29,636)	(25,928)	(5,775)	(4,553)
	226,363	176,986	(3,667)	524
Less: Deposits pledged to licensed banks	(4,326)	(5,864)	(1,540)	(1,114)
Cash and bank balances pledged to a licensed bank	(1,402)	(1,402)	-	-
Short-term investments with maturity periods more than three months	(875)	(893)	-	-
	219,760	168,827	(5,207)	(590)

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**42. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of property, plant and equipment	1,075	27,575

**43. RELATED PARTY DISCLOSURES**

## 43.1 IDENTITIES OF RELATED PARTIES

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its Directors, associates, key management personnel and entities within the same group of companies.

## 43.2 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Subsidiaries:</u>				
- Gross dividends received/receivable	-	-	-	(5,100)
- Management fees received/receivable	-	-	(6,780)	(5,000)
- Rental expense paid/payable	-	-	13	17
<u>Associates:</u>				
- Management fees received/receivable	(342)	(132)	-	-
- Rental income received/receivable	(112)	(128)	-	-
- Sales of goods to	-	(184)	-	-
- Service rendered to	(616)	(979)	-	-
- Service rendered by	2,307	2,483	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 43. RELATED PARTY DISCLOSURES (CONT'D)

#### 43.3 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Group and of the Company.

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	4,960	4,606	1,956	1,808
Defined contribution plan	387	328	102	57
	5,347	4,934	2,058	1,865

### 44. OPERATING SEGMENTS

#### BUSINESS SEGMENTS

The Group is organised into six major business segments:-

Business Segment	Principal activities
Maintenance	The maintenance of federal and state roads.
Construction	The construction of buildings and other infrastructures.
Property development	The development of commercial and residential properties.
Engineering services	The provision of full spectrum of civil engineering work and related services.
Trading and manufacturing	Trading and manufacturing of construction materials.
Education	The provision of tertiary education.
Clean energy	Solar panel installation contract works and supply of power and electricity derived from solar power plant.

Other business segment mainly represents investment holding activities.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 44. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

The key management personnel assess the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the financial statements.

#### (a) Segment Revenue and Results

Segment results represent profit before taxation of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned. The effects of such inter-segment transactions are eliminated on consolidation.

#### (b) Segment Assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding current tax assets and deferred tax assets.

#### (c) Segment Liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities and deferred tax liabilities.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets and liabilities which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax-related assets and liabilities.



Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 44. OPERATING SEGMENTS (CONT'D)

## BUSINESS SEGMENTS (CONT'D)

2020	Maintenance RM'000	Construction RM'000	Development RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Clean Energy RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
<b>Assets</b>											
Segment assets	241,109	185,474	205,407	197,237	89,342	66,650	37,964	260,565	(416,559)		867,189
Unallocated corporate assets											10,054
Consolidated total assets											877,243
<b>Liabilities</b>											
Segment liabilities	132,087	107,407	209,686	183,673	64,399	34,010	39,795	11,072	(253,025)		529,104
Unallocated corporate liabilities											9,883
Consolidated total liabilities											538,987
<b>Other Information</b>											
Depreciation and amortisation	6,390	782	2,110	2,820	659	2,818	311	25	(329)		15,586
Impairment losses on:											
- trade and other receivables	-	5,915	409	13,722	3,074	1,014	-	1	-	-	24,135
Interest expenses	279	10,559	2,816	2,390	1,156	813	819	360	-	-	19,192
Gain on disposal of property, plant and equipment	(152)	(6)	-	(35)	-	-	-	-	-	-	(193)
Interest and investment income	(1,259)	(141)	(44)	(108)	(7)	(233)	(5)	(29)	-	-	(1,826)
Writeback of impairment losses on:											
- trade and other receivables	(407)	(396)	-	(5,366)	-	-	-	-	-	-	(6,169)
Capital expenditure	6,608	-	6	12,712	287	229	27,258	27	(2,350)		44,777



Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**44. OPERATING SEGMENTS (CONT'D)**

## BUSINESS SEGMENTS (CONT'D)

2019	Maintenance RM'000	Construction RM'000	Development RM'000	Property Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Others Eliminations RM'000	Consolidation RM'000
<b>Assets</b>								
Segment assets	184,443	408,135	431,209	202,535	108,481	76,530	272,086	1,054,591
Unallocated corporate assets								15,142
Consolidated total assets								1,069,733
<b>Liabilities</b>								
Segment liabilities	105,379	357,663	399,742	165,149	84,178	37,761	20,571	705,129
Unallocated corporate liabilities								9,355
Consolidated total liabilities								714,484
<b>Other Information</b>								
Depreciation and amortisation	6,964	1,036	2,118	2,789	588	3,231	227	16,953
Impairment losses on:								
- trade and other receivables	-	761	-	6,764	190	45	-	7,760
Interest expenses	937	9,954	2,887	3,050	1,281	1,221	632	19,962
(Gain)/loss on disposal of property, plant and equipment	(139)	21	-	(211)	-	-	-	(329)
Interest and investment income	(719)	(278)	(247)	(254)	(3)	(231)	(74)	(1,806)
Writeback of impairment losses on:								
- trade and other receivables	(1,664)	(2,610)	-	(1,911)	(823)	-	-	(7,008)
- amount owing by associates	-	-	-	(57)	-	-	-	(57)
Capital expenditure	7,572	228	270	36,999	23	142	1,359	40,571

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 44. OPERATING SEGMENTS (CONT'D)

#### MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of Group revenue:-

Customer Name	Revenue		Segment
	2020 RM'000	2019 RM'000	
Customer A	589,723	390,563	Maintenance
Customer B	Not Applicable	123,198	Construction

### 45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily, Libyan Dinar, Euro, South African Rand, Sri Lanka Rupee and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of financial instruments at the end of the reporting period is summarised below: -

## Foreign Currency Exposure

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2020</b>							
<b>Financial Assets</b>							
Long-term investments	-	-	-	-	-	145	145
Trade receivables	-	-	-	-	-	149,154	149,154
Other receivables	-	-	-	-	132	5,364	5,496
Amount owing by associates	-	-	-	-	-	1,287	1,287
Short-term investments	-	-	-	-	-	47,133	47,133
Deposits with licensed banks	-	-	-	299	-	21,217	21,516
Cash and bank balances	4,318	7	2,184	618	1	180,222	187,350
	4,318	7	2,184	917	133	404,522	412,081

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>Financial Liabilities</b>							
Trade payables	178	-	-	-	-	168,173	168,351
Other payables and accruals	306	-	-	-	-	92,776	93,082
Amount owing to associates	-	-	-	-	-	1,992	1,992
Lease liabilities	-	-	-	-	-	8,801	8,801
Borrowings	-	-	-	-	-	221,618	221,618
Bank overdrafts	-	-	-	-	-	29,636	29,636
	484	-	-	-	-	522,996	523,480
Net financial assets/(liabilities)	3,834	7	2,184	917	133	(118,474)	(111,399)
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(3,834)	(7)	(2,184)	(917)	(133)	118,474	111,399
Currency exposure	-	-	-	-	-	-	-

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2019</b>							
<b>Financial Assets</b>							
Long-term investments	-	-	-	-	-	145	145
Trade receivables	68	-	-	-	-	191,806	191,874
Other receivables	-	-	-	-	153	21,396	21,549
Amount owing by associates	-	-	-	-	-	1,106	1,106
Short-term investments	-	-	-	-	-	46,811	46,811
Deposits with licensed banks	-	-	-	-	-	43,333	43,333
Cash and bank balances	4,750	6	2,376	536	-	105,102	112,770
	4,818	6	2,376	536	153	409,699	417,588

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2019</b>							
<b>Financial Liabilities</b>							
Trade payables	173	-	-	-	-	239,807	239,980
Other payables and accruals	289	-	-	-	-	44,961	45,250
Amount owing to associates	-	-	-	-	-	1,977	1,977
Dividend payable	-	-	-	-	-	2,910	2,910
Lease liabilities	-	-	-	-	-	8,751	8,751
Borrowings	-	-	-	-	-	373,433	373,433
Bank overdrafts	-	-	-	-	-	25,928	25,928
	462	-	-	-	-	697,767	698,229
Net financial assets/(liabilities)	4,356	6	2,376	536	153	(288,068)	(280,641)
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(4,356)	(6)	(2,376)	(536)	(153)	288,068	280,641
Currency exposure	-	-	-	-	-	-	-

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

- (i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit or loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

- (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to Interest Rate Risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period are as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed Rate Instruments</b>		
Deposits with licensed banks	21,516	43,333
Lease liabilities	(8,801)	(8,751)
Bills payable	(37,057)	(22,971)
Revolving credit	(76,757)	(57,757)
	(101,099)	(46,146)
<b>Floating Rate Instruments</b>		
Term loans	(107,804)	(292,705)
Bank overdrafts	(29,636)	(25,928)
	(137,440)	(318,633)

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

##### Exposure to Interest Rate Risk (Cont'd)

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed Rate Instrument</b>		
Deposits with licensed bank	1,540	4,614
<b>Floating Rate Instrument</b>		
Bank overdrafts	(5,775)	(4,553)

##### Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant: -

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects on (Loss)/Profit After Taxation/Other Comprehensive (Expenses)/Income</b>		
Increase of 100 basis points (bp)	(1,045)	(2,422)
Decrease of 100 bp	1,045	2,422

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis (Cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant (Cont'd):-

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects on (Loss)/Profit After Taxation/Other Comprehensive (Expenses)/Income</b>		
Increase of 100 bp	(44)	(35)
Decrease of 100 bp	44	35

## (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

## (i) Credit Risk Concentration Profile

The Group's major concentration of credit risks relates to the amount owing by the Government of Malaysia which constituted a significant amount of its total trade receivables at the end of the reporting date.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

###### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year, are deemed credit impaired and assesses their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 (2019 - 12) months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for both trade receivables and contract assets are summarised below:-

<b>The Group</b>	<b>Gross Amount RM'000</b>	<b>Collective Impairment RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2020</b>			
Not past due	62,380	(292)	62,088
Past due:			
- less than 6 months	38,002	(1,150)	36,852
- 6 to 12 months	4,987	(1,086)	3,901
- 1 to 2 years	5,700	(963)	4,737
- more than 2 years	43,189	(1,613)	41,576
	154,258	(5,104)	149,154
Credit impaired:			
- individually impaired	44,842	(44,842)	-
Trade receivables	199,100	(49,946)	149,154
Contract assets	28,690	-	28,690
	227,790	(49,946)	177,844

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables and Contract Assets (Cont'd)*

The Group	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
<b>2019</b>			
Not past due	47,315	(131)	47,184
Past due:			
- less than 6 months	70,657	(49)	70,608
- 6 to 12 months	20,607	(12)	20,595
- 1 to 2 years	35,073	(573)	34,500
- more than 2 years	22,750	(3,763)	18,987
	196,402	(4,528)	191,874
Credit impaired:			
- individually impaired	28,536	(28,536)	-
Trade receivables	224,938	(33,064)	191,874
Contract assets	258,766	-	258,766
	483,704	(33,064)	450,640

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

##### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for other receivables. At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial year.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for other receivables are summarised as below:-

<b>The Group</b>	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2020</b>			
Low credit risk	5,496	-	5,496
Credit impaired	91,129	(91,129)	-
	96,625	(91,129)	5,496
<b>2019</b>			
Low credit risk	21,549	-	21,549
Credit impaired	90,598	(90,598)	-
	112,147	(90,598)	21,549
<b>The Company</b>			
<b>2020</b>			
Low credit risk	4	-	4
Credit impaired	84,644	(84,644)	-
	84,648	(84,644)	4
<b>2019</b>			
Low credit risk	20	-	20
Credit impaired	84,643	(84,643)	-
	84,663	(84,643)	20

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

###### *Amount Owing By Subsidiaries*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for amount owing by subsidiaries are summarised below:-

	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>The Company</b>			
<b>2020</b>			
Low credit risk	95,696	-	95,696
<b>2019</b>			
Low credit risk	96,632	-	96,632

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

<b>The Group</b>	<b>Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>On demand Or Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	168,351	168,351	168,351	-	-
Other payables and accruals	-	93,082	93,082	69,298	12,544	11,240
Amount owing to associates	-	1,992	1,992	1,992	-	-
Lease liabilities	3.22 to 6.54	8,801	9,003	2,690	3,524	2,789
Term loans	2.20 to 7.35	107,804	122,697	22,925	95,320	4,452
Bills payable	2.01 to 2.90	37,057	37,057	37,057	-	-
Revolving credit	2.94 to 5.05	76,757	76,757	76,757	-	-
Bank overdrafts	6.45 to 7.79	29,636	29,636	29,636	-	-
		523,480	538,575	408,706	111,388	18,481

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

###### Maturity Analysis (Cont'd)

The Group	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	239,980	239,980	239,980	-	-
Other payables and accruals	-	45,250	45,250	45,250	-	-
Amount owing to associates	-	1,977	1,977	1,977	-	-
Dividend payable	-	2,910	2,910	2,910	-	-
Lease liabilities	4.44 to 6.54	8,751	8,996	2,720	2,056	4,220
Term loans	4.75 to 6.47	292,705	311,360	235,441	72,878	3,041
Bills payable	3.52 to 4.59	22,971	22,971	22,971	-	-
Revolving credit	4.32 to 7.45	57,757	57,757	57,757	-	-
Bank overdrafts	6.76 to 8.07	25,928	25,928	25,928	-	-
		698,229	717,129	634,934	74,934	7,261

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)**Maturity Analysis (Cont'd)

<b>The Company</b>	<b>Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>On Demand Or Within 1 Year RM'000</b>
<b>2020</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	884	884	884
Amount owing to subsidiaries	-	3,247	3,247	3,247
Bank overdrafts	6.50	5,775	5,775	5,775
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	337,895	337,895
		9,906	347,801	347,801
<b>2019</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	235	235	235
Amount owing to subsidiaries	-	3,217	3,217	3,217
Dividend payable	-	2,910	2,910	2,910
Bank overdrafts	7.70	4,553	4,553	4,553
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	487,240	487,240
		10,915	498,155	498,155

# - The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt (total interest-bearing borrowings less cash and cash equivalents) divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Lease liabilities	8,801	8,751
Term loans	107,804	292,705
Bills payable	37,057	22,971
Revolving credit	76,757	57,757
Bank overdrafts	29,636	25,928
	260,055	408,112
Less: Short-term investments	(47,133)	(46,811)
Deposits with licensed banks	(21,516)	(43,333)
Cash and bank balances	(187,350)	(112,770)
Net debt	4,056	205,198
Total equity	338,256	355,249
Debt-to-equity ratio	0.01	0.58

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020

## 45. FINANCIAL INSTRUMENTS (CONT'D)

## 45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>				
Long-term investments	145	145	-	-
<u>Amortised Cost</u>				
Trade receivables	149,154	191,874	-	-
Other receivables	5,496	21,549	4	20
Amount owing by subsidiaries	-	-	95,696	96,632
Amount owing by associates	1,287	1,106	-	-
Deposits with licensed banks	21,516	43,333	1,540	4,614
Cash and bank balances	187,350	112,770	568	463
	364,803	370,632	97,808	101,729
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	47,133	46,811	-	-
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Trade payables	168,351	239,980	-	-
Other payables and accruals	93,082	45,250	884	235
Amount owing to subsidiaries	-	-	3,247	3,217
Amount owing to associates	1,992	1,977	-	-
Dividend payable	-	2,910	-	2,910
Lease liabilities	8,801	8,751	-	-
Term loans	107,804	292,705	-	-
Bills payable	37,057	22,971	-	-
Revolving credit	76,757	57,757	-	-
Bank overdrafts	29,636	25,928	5,775	4,553
	523,480	698,229	9,906	10,915

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(16,778)	3,725	26	(926)
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	574	609	1	22
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(19,192)	(19,962)	(363)	(381)

Notes to the Financial Statements  
for the Financial Year Ended 31 December 2020**45. FINANCIAL INSTRUMENTS (CONT'D)**

## 45.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value		Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000	
<b>2020</b>									
<u>Financial assets</u>									
Long-term investments	-	-	145	-	-	-	145	145	145
Short-term investments	-	47,133	-	-	-	-	47,133	47,133	47,133
<u>Financial liabilities</u>									
Term loans	-	-	-	-	107,804	-	107,804	107,804	107,804
<b>2019</b>									
<u>Financial assets</u>									
Long-term investments	-	-	145	-	-	-	145	145	145
Short-term investments	-	46,811	-	-	-	-	46,811	46,811	46,811
<u>Financial liabilities</u>									
Term loans	-	-	-	-	292,705	-	292,705	292,705	292,705

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 45. FINANCIAL INSTRUMENTS (CONT'D)

#### 45.5 FAIR VALUE INFORMATION (CONT'D)

##### (a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
- (aa) The fair value of golf club memberships is determined based on enquiry made to the respective golf clubs; and
  - (bb) The fair value of short-term investment is determined by reference to statements provided by the respective financial institution, with which the investments were entered into.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

##### (b) Fair Value of Financial Instruments not Carried at Fair Value

The fair value of term loans, which are for disclosure purpose, are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Term loans	2.20% - 7.35%	4.75% - 6.47%

### 46. MATERIAL LITIGATIONS

The following are the material litigations involving the Group and the Company during the financial year:-

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant:-

On 28 December 2012, the Company entered into a conditional Sale and Purchase Agreement ("Conditional SPA") with PT ASU to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia ("PT ASI"), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55,000,000.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti ("PT FAS") which in turn holds 70% equity interest in PT Hase Bumou Aceh ("PT Haseba") ("PT ASI Group"). PT ASU as vendor represented in the Conditional SPA that PT Haseba had a 10 year production management partnership agreement ("PMP Agreement") with PT Pertamina (PERSERO) ("Pertamina") to develop and to produce oil and gas in the Kuala Simpang Timur Field from 14 December 2004.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (Cont'd):-

On 29 January 2014, the Company entered into an Amended and Restated Sale and Purchase Agreement ("Restated SPA") with PT ASU to amend vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company agreed to acquire 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22,000,000 (RM68,393,170) ("Purchase Consideration"). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by the Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA ("Conditional Period"):-

- (i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;
- (ii) Extension of the PMP Agreement for a further 10-year period; and
- (iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources' General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, the Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, the Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes ("Advance"). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

On 5 August 2014, the Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, the Company filed a legal suit against PT ASU and the two former Directors, namely the 2<sup>nd</sup> and the 3<sup>rd</sup> defendant for, among others, the refund of the Purchase Consideration and Advance.

The total amount claimed against PT ASU and the two former Directors ("2<sup>nd</sup> and 3<sup>rd</sup> Defendants") are as follows:-

#### Against PT ASU

- (i) A payment of USD22,000,000;
- (ii) Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- (iv) Damages for the breach of the Restated SPA.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (Cont'd):-

Against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants

- (i) A payment of USD27,000,000 (including the Advance);
- (ii) Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- (iv) Damages for fraud and conspiracy; and
- (v) General damages, aggravated and exemplary.

The status of this suit is as follows:-

PT ASU's application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya ("Court of Appeal") which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal. The Court of Appeal had on 29 January 2019, allowed the Company's appeal and remitted the case back to the High Court against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants. The 2<sup>nd</sup> and 3<sup>rd</sup> Defendants had on 28 February 2019 respectively filed an application by way of motion for leave to appeal to the Federal Court ("2<sup>nd</sup> and 3<sup>rd</sup> Defendants' Motion"). The 2<sup>nd</sup> and 3<sup>rd</sup> Defendants' Motion were dismissed on 25 March 2019. Both the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants filed an application to the Court of Appeal for stay of the High Court proceedings pending the hearing of the said 2<sup>nd</sup> and 3<sup>rd</sup> Defendants' Motion. The stay application has been dismissed by the Court of Appeal on 28 January 2019.

The 2<sup>nd</sup> and the 3<sup>rd</sup> Defendants have on 22 January 2020 filed an application to stay the trial of the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 ("Stay Application"). The Stay Application has been struck out by the Kuala Lumpur High Court with no order as to costs.

The 2<sup>nd</sup> and the 3<sup>rd</sup> Defendants had on 20 September 2019 filed an application to strike out the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 ("Strike Out Application"). The Strike Out Application has been fixed for Hearing on 27 August 2020. The Strike Out Application was heard on 27 August 2020 and dismissed by the High Court Judge on 10 September 2020 with costs of RM25,000 to be paid by the 2<sup>nd</sup> and the 3<sup>rd</sup> Defendants to the Company. The 2<sup>nd</sup> and 3<sup>rd</sup> Defendants had filed an appeal at the Court of Appeal against the decision of the High Court on 10 September 2020 dismissing the Strike Out Application. The appeal has been fixed for hearing on 23 June 2021.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (Cont'd):-

The full trial dates for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 fixed on 7, 24, 25 and 27 May 2021 are vacated. The trial dates previously fixed on 4, 8, 25 and 28 June 2021 and 19 July 2021 are maintained.

The Company had on 13 May 2020 filed 3 applications for leave to appeal to the Federal Court ("Federal Court Applications") against the judgment of the Court of Appeal dated 6 March 2020 (appeals in relation to Bankers' Books (Evidence) Act 1949). The said applications are fixed for Case Management on 28 July 2020 and for Hearing on 25 August 2020 at the Federal Court. The Federal Court Applications were granted by the Federal Court on 25 August 2020. As such, the Company has filed its appeal at the Federal Court. The appeal to the Federal Court was fixed for hearing on 5 January 2021. The Federal Court has reserved their decision to a date to be determined and informed by the Registry of the Federal Court.

On 19 January 2021, the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants had filed an application to stay the proceedings at the Kuala Lumpur High Court pending the disposal of their appeal at the Court of Appeal. The said application for a stay of proceedings which was fixed for hearing before the learned High Court Judge on 2 March 2021 has been dismissed with costs of RM8,500 to be paid by the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant to the Company.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the financial year ended 31 December 2014.

- (b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants:-

PTSB, a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 ("Agreement") to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit ("Deposit") of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former Directors of the Company, OKA, when the Company uncovered that OKA has an undisclosed interest in Goldchild.

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 May 2018.

Goldchild's application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants (Cont'd):-

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya ("Federal Court"). The Motion has been dismissed by the Federal Court on 11 January 2018.

Pursuant to the decision of the Federal Court, the action against PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia ("BANI").

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the financial year ended 31 December 2014.

- (c) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM"):-

On 6 July 2018, HCM was served with Adjudication Decision dated 4 July 2018 whereby HCM shall pay Kuasatek Sdn Bhd ("Kuasatek") the sum of RM2,959,440 within 14 days from the date of the Adjudication Decision.

HCM had on 8 August 2018 filed the following applications in the High Court of Malaya at Kuala Lumpur ("KL High Court"):-

- (a) An application by way of Originating Summons to set aside the Adjudication Decision pursuant to Section 15(b) and Section 15(d) of the Construction Industry Payment Adjudication Act 2012 ("the Setting Aside Application"). The Setting Aside Application was dismissed;
- (b) An application by way of Originating Summons to stay the Adjudication Decision pursuant to Section 16 of the Construction Industry Payment Adjudication Act 2012 pending arbitration ("the Stay Application"). The Stay Application was dismissed.

In addition, HCM has served a Notice to Request for Arbitration dated 6 August 2018 to Kuasatek to refer the claim to arbitration pursuant to Article 3, Part II of the Asian International Arbitration Rules 2018.

Meanwhile, Kuasatek had, on 9 August 2018, served on HCM, an application by way of Originating Summons for an order that the Adjudication Decision dated 4 July 2018 be enforced as a judgement against HCM in the KL High Court pursuant to Section 28(1) of the Construction Industry Payment Adjudication Act 2012 ("the Enforcement Application"). The Enforcement Application was allowed. HCM has on 2 November 2018 filed an application for stay of the enforcement allowed by the High Court. At the Hearing on 22 November 2018, the parties have entered into Consent Order based on the following terms:-

- (i) HCM will pay the Adjudicated Sum amounting to RM3,116,428 by 27 November 2018;
- (ii) Kuasatek undertakes not to commence winding up proceedings and any other execution proceedings;

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (c) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (Cont'd):-

- (iii) Kuasatek undertakes to refund any monies paid under (i), in excess of the sum which the HCM is liable to pay pursuant to the outcome of the current appeal to Court of Appeal by HCM, any arbitration or litigation involving current dispute between the parties.

On 29 October 2018, HCM filed an appeal to the Court of Appeal against the decision of the High Court in dismissing the Setting Aside Application and allowing the Enforcement Application. The hearing date is fixed on 17 June 2019.

Meanwhile, HCM had on 8 March 2019 filed a legal suit at the Kuala Lumpur High Court against Kuasatek ("Legal Proceeding").

HCM's claim against Kuasatek is premised on breach of contract by Kuasatek pursuant to a Letter of Appointment for Mechanical and Electrical Works Packages (Contract No: HCM/P48-AFC/LA/C/16/V1(07) dated 15 March 2016, a work package under a project previously awarded to HCM known as "The Design And Built Contract For The Proposed Additional Of A 4 Storey Office Building With Basement Car Parking To The Existing Facilities On Lot No. 38627, Bukit Jalil, Mukim Petaling, Daerah Kuala Lumpur, Malaysia For Asian Football Confederation." Kuasatek was the mechanical and electrical works sub-contractor for HCM.

The Legal Proceeding is to finally determine the liability of Kuasatek under the contract and for the refund of the Adjudicated Sum paid to Kuasatek pursuant to the Adjudication Decision dated 4 July 2018.

HCM's claims against Kuasatek are as follows:-

- (a) A declaration that the contract dated 13 May 2016 between HCM and Kuasatek is for the sum of RM9,500,000;
- (b) A declaration that Kuasatek has breached the contract;
- (c) A declaration that HCM is allowed to set off the sum of RM288,205 as the costs to rectify the defectives works and/or work done on behalf;
- (d) A declaration that HCM is allowed to set off the sum of RM930,000 as Liquidated Ascertained Damages;
- (e) A declaration that HCM is allowed to withhold the sum of RM475,000 as the performance bond until the issuance of the Certificate of Making Good Defects by Asian Football Confederation;
- (f) Kuasatek shall pay the sum of RM12,889 to HCM;
- (g) Kuasatek shall refund the sum of RM2,968,457 to HCM forthwith being the excess payment paid by HCM to Kuasatek for work done;
- (h) Kuasatek shall refund the sum of RM106,572 to HCM forthwith being the sum paid by HCM to Kuasatek for legal costs, adjudication costs and expenses;
- (i) General damages to be assessed by this Honourable Court;
- (j) Interest at the rate of 5% p.a. on the amount in (f), (g), (h) and (i) above from the date of Judgement until date of full payment; and
- (k) Costs.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (c) Notice of Adjudication pursuant to Section 8 of the Construction Industry Payment and Adjudication Act 2012 served on HCM Engineering Sdn Bhd ("HCM") (Cont'd):-

On 16 April 2019, Kuasatek filed its defence and counterclaim against HCM for a sum of RM733,548.

KL High Court had fixed the following dates in respect of the legal proceeding filed by HCM against Kuasatek on 11 March 2019, claiming the sum of RM3,087,917.74 for breach of contract by Kuasatek:-

1. It has been fixed for case management on 3 September 2020.
2. It has been fixed for full trial from 5 October 2020 until 9 October 2020.

The trial has been partially completed on the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> October 2020. The KL High Court has fixed 13 January 2021 for continued trial. Due to the Movement Control Order imposed by the Government of Malaysia, the continued trial which was fixed on 13 January 2021 has been vacated. The KL High Court has further fixed 17 and 18 May 2021 for continued trial.

- (d) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant:-

TNB had, vide an agreement dated 13 July 2015 ("TNB Agreement"), appointed KISB to carry out construction works known as "The Construction and Commission of Retention Pond at Gelugor Power Station" ("Project") whereby the scope of works includes amongst others designing flow system improvements, drainage system expansion and replacing U-drain size from 600mm to 750mm in Loji Kuala Gelugor ("Works").

KISB had in turn, vide a Letter of Award dated 26 May 2015 ("LOA"), appointed Qemudi Nekad Resources as sub-contractor ("Sub-Contractor"):-

- i) to identify the utilities within the Project site and further prepared a utility mapping to be approved by TNB; and
- ii) to carry out the entire Works.

TNB alleged that upon KISB carried out the drain breaking for the existing U-drain, the workers of KISB had carried out the picking up of the surplus and remnants debris of the broken U-drain left in the drain by using a backhoe ("Picking up the U-drain surplus and remnants works").

TNB further alleged that due to the picking up the U-drain surplus and remnants works by KISB, the same had caused the TNB's cable 2 ("TNB's Cable") destroyed. It was alleged that the bucket of the backhoe had caused damage on TNB's Cable. Subsequent to that, TNB lodged a police report on the said damage. TNB then terminated KISB's permit to work certificate and issued a stop-work order on KISB on the reason that the damage caused by KISB is a breach under Section 37(11) (b) and/or 37(12) (a) of the Electricity Supply Act 1990 ("Act").

TNB had managed to recover RM150,000 only from the Construction All Risks Insurance taken by KISB for this Project from TNB's panel insurance company, QBE Insurance (Malaysia) Berhad. The policy limit is RM150,000 only. The said insurance does not have "principal existing property" cover which will protect the insured against loss or damage to property located on or surrounding the site belonging to or held in care, custody or control by the insured.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2020

### 46. MATERIAL LITIGATIONS (CONT'D)

- (d) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant (Cont'd):-

In view thereof, TNB filed a suit against KISB pursuant to Section 41(1) of the Act under the strict liability tort on the reason that KISB's workers have neglected during the carrying out of the picking up the U-drain surplus and remnants works and caused damage on the TNB's cable. The damage on the TNB's Cable had caused the followings:-

- i) a power outage to TNB's customers hence, TNB suffered loss of income during the period of the power outage; and
- ii) rectification cost incurred to rectify the damage and replace the new cable.

TNB further alleged that TNB had issued a Notice of Claim for damages by way of letter dated 23 March 2016 and also a Letter of Demand dated 11 January 2018 to KISB to inform on the damage and to claim on the rectification cost amounting to RM6,799,962.

TNB's claims are as follows:-

- 1) General damages to be assessed;
- 2) Special damages amounting to RM6,799,962;
- 3) General damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 4) Economic damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 5) Interest of 5% per annum on the sum of RM6,799,962 calculated from the date of the filing of the writ until full settlement;
- 6) Aggravated and exemplary damages;
- 7) Cost; and
- 8) Any other relief court deems fit.

KISB had filed its Defence on 2 October 2020. TNB had filed its Reply on 9 November 2020. The Mediation which was fixed on 6 April 2021 was unsuccessful as the parties have failed to reach a settlement. The Court had fixed 21 May 2021 as Case Management date to set further direction on the Suit.

### 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) Proposed Joint Development between De Centrum Retail Sdn. Bhd. and Penmaland Sdn. Bhd.

On 1 March 2019, De Centrum Retail Sdn. Bhd. ("DCRSB"), an indirect wholly-owned subsidiary of the Company, entered into a conditional Joint Development Agreement ("JDA") with Penmaland Sdn. Bhd. ("Penmaland") to jointly develop three (3) contiguous parcels of freehold development land held under Title Nos. GRN 67477 (Lot No. 369), GRN 86444 (Lot No. 422) and GRN 71208 (Lot No. 665) in Mukim of Tampin Tengah, District of Tampin, Negeri Sembilan measuring approximately 137.08 acres ("Tampin Land").

Pursuant to the JDA, Penmaland shall grant DCRSB full and unfettered rights to carry out the development of the Tampin Land into mixed residential development, in exchange for a total cash consideration of RM48.6 million, payable in stages in accordance with the JDA ("Proposed Joint Development").

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (a) Proposed Joint Development between De Centrum Retail Sdn. Bhd. and Penmaland Sdn. Bhd. (Cont'd)

The Proposed Joint Development is deemed as a related party transaction and shareholders' approval was obtained on 30 May 2019.

On 30 August 2019, RHB Investment Bank announced that DCRSB and Penmaland had vide an exchange of letters dated 30 August 2019 mutually agreed to extend the Conditional Period which will expire on 31 August 2019, for a period of six (6) months to 29 February 2020, for Penmaland to fulfill the Conditions Precedent as set out in the JDA.

On 13 December 2019, Penmaland discharged the existing charge to the satisfaction of DCRSB and had delivered to DCRSB the original title deeds of the Tampin Land on 16 December 2019.

On 4 February 2020, Penmaland submitted an application to Pejabat Daerah dan Tanah Tampin to convert the category of land use of the Tampin Land for the purposes of the development. The conversion process remains pending as to date of the financial statements.

On 27 February 2020, RHB Investment Bank announced that DCRSB and Penmaland had vide an exchange of letters dated 27 February 2020 mutually agreed to extend the Conditional Period which will expire on 29 February 2020, for a period of twelve (12) months to 28 February 2021, for Penmaland to fulfill the remaining Conditions Precedent as set out in the JDA.

On 1 October 2020, the JDA became unconditional subsequent to the fulfilment of all the Conditions Precedent as set out in the JDA. DCRSB has paid RM15 million to Penmaland as an upfront consideration and the remaining transactions are expected to be paid in stages upon completion and compliance of the units for each phase of the development as per terms set out in the JDA.

- (b) Disposal of three (3) parcels of vacant land by Sun Rock Development Sdn. Bhd.

On 13 July 2020, Sun Rock Development Sdn. Bhd. ("SRDSB") had entered into a Sale and Purchase Agreement ("SPA") with NSK Property Sdn. Bhd., to dispose 3 parcels of commercial lands for a total consideration of RM16.72 million. The said lands held under titles Nos HS(D) 478356 PTD 204269, HS(D) 478357 PTD 204270 and HS(D) 501207 PTD 209606 in the Mukim of Plentong, District of Johor Bahru, State of Johor, containing areas measuring approximately 0.809 hectares, 0.809 hectares and 10,588.816 square meters ("Pasir Gudang Land") respectively.

- (c) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the Covid-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group 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.

- (d) The other significant events during the financial year are those disclosed in Note 5, Note 6 and Note 46 to the financial statements.

## Notes to the Financial Statements

for the Financial Year Ended 31 December 2020

### 48. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

- (a) On 5 January 2021, Kumpulan Ikram Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company, has divested 210,000 ordinary shares representing 21% of the paid-up capital in Kumpulan Ikram (Sarawak) Sdn. Bhd. ("KI Sarawak") for a total cash consideration of RM29,400.

Following the divestment, KISB owns 30% equity in KI Sarawak and the latter becomes an associate company to the Group.

- (b) Subsequent to the reporting date, the numbers of new Covid-19 cases increased substantially in Malaysia. Given the dynamic nature of the Covid-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

# APPENDIX A FOR THE FINANCIAL YEAR

Ended 31 December 2020

## DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP

The following is the list of Directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report:-

Dato' Akram Ali Al Agil  
Dato' Ir Tan Swee Kee (Resigned on 1 October 2020)  
Dato' Jamal Bin Nasir  
Dato' Mohd Ibrahim Bin Mohd Nor  
Dato' Ronnie Yap Kee Tian  
Dato' Wan Imran Bin Wan Omar  
Dato' Wan Mohamed Yaacob  
Dato' Zaitun Binti Ab Samad  
Dato' Iskandar Bin Abdul Malik  
Abdul Ghani Bin Shaaban  
Adlin Masood  
Ahmad Farid Bin Ghazali  
Ahmad Hilmi Bin Nawawi  
Asri Bin Ramli  
Chong Ther Shern  
Chong Ther Vern  
Edward Khoo Mong Wei  
Eddy Nur Hasly Bin Abd Latib (Appointed on 30 June 2020)  
Haji Muhammad Zamri Bin Hasan (Resigned 2 November 2020)  
Hiew Yun Heng  
Hon Sun Ho (appointed on 1 December 2020)  
Hon Jok Hun (appointed on 1 December 2020)  
Johari Bin Zainal  
Kamaljeet Kaur  
Kenneth Lim Wei Shen (Appointed on 11 February 2020)  
Lee Geok Chai  
Liew Jui Hua (Appointed on 11 February 2020)  
Low Kian Seng  
Mac Chung Jin  
Marina Binti Jaal  
Mat Zin Bin Hussain  
Mohd Taufik Bin Haron  
Mohd Yazip Bin Matori  
Mokhtar Bin A.Rashid  
Nik Nur Aini Nik Abdullah  
Ong Yii Boon (Appointed on 11 February 2020)  
Peter Wong Hung Huang (Resigned on 12 February 2020)  
Pon Tiam Wee  
Prof. Dr Zulkifli Bin Abdul Hamid  
Razbi Bin Abdul Razak (Resigned on 18 May 2020)  
Tan Chong Seng  
Taufik Bin Abd Rahim  
Wong Chun Wei  
Wong Meng Jinn  
Wong Wirry @ Wong Wee Chong  
Zainal Abidin Bin Abu Bakar

## Appendix A for the Financial Year Ended 31 December 2020

### **DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP (CONT'D)**

The following is the list of Directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report (Cont'd):-

Zulkifli Bin Ibrahim  
Muhammad Nazree Bin Abd Razak  
Azran Amin Bin Mazlan  
Hj. Muhyidin Bin Abdul Rashid  
Mohammad Nasriff Bin Daud@ Daud Yatimee  
Mohd Akhir Bin Abdullah  
Ting Choon Fook (Appointed on 28 December 2020)

## LIST OF PROPERTIES

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2020 RM'000	Date of Revaluation*/ Acquisition <sup>#</sup>
1	Lot No. 52500,52501, 52502, 52503, 52504 & 52518, Bandar Baru Bangi, District of Sepang, State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 12 - 38 years	Freehold	3,411 million	94,900	18.04.02*
2	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	37 years	Leasehold 99 years expiring in 2076	1,760	562	01.03.02 <sup>#</sup>
3	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	37 years	Leasehold 99 years expiring in 2076	1,760	467	11.06.02 <sup>#</sup>
4	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	37 years	Leasehold 99 years expiring in 2076	1,760	467	11.06.02 <sup>#</sup>
5	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	37 years	Leasehold 99 years expiring in 2076	1,760	467	11.06.02 <sup>#</sup>
6	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	37 years	Leasehold 99 years expiring in 2076	2,208	673	11.06.02 <sup>#</sup>
7	Country Lease No. 075356580, Sungai Tinosan, Sandakan, Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	552	10.03.05 <sup>#</sup>
8	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	15 years	Leasehold 99 years expiring in 2080	126,300	1,520	05.08.05 <sup>#</sup>
9	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Vacant Land	N/A	Leasehold 99 years expiring in 2091	79,100	620	25.06.08 <sup>#</sup>
10	No. Hakmilik Geran 79109, Lot 3223 Mukim of Beranang, District of Ulu Langat, State of Selangor Darul Ehsan.	Factory	9 years	Freehold	185,566	2,319	07.10.10 <sup>#</sup>

## List of Properties

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2020 RM'000	Date of Revaluation*/ Acquisition#
11	Parcel No #17-16, Level 17, Type A Lot No HS(D) 452849 PTD 198871 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Service Apartment	9 years	Leasehold 99 years expiring in 2105	609	271	18.10.12#
12	HS(D) 478361, No. Lot PTD 204275 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant Land	N/A	Leasehold 99 years expiring in 2084	78,792	3,733	11.05.14#
13	De Centrum Mall Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Retail mall	5 years	Freehold	197,327	34,688	31.12.15#
14	C-13-1 till C-13-10 C-14-1 till C-14-10 C-15-1 till C-15-10 C-16-1 till C-16-10 D-13-1 till D-13-10 D-14-1 till D-14-10 D-15-1 till D-15-10 D-16-1 till D-16-10 Kondominium Unipark Jalan US 1, Taman Unipark Suria Off Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Condominiums	4 years	Freehold	208,000	42,234	21.11.16#
15	Lot No. 52518 Bandar Baru Bangi District of Sepang State of Selangor Darul Ehsan.	Twelve- storey academic block	4 years	Freehold	42,688	38,839	06.04.16#
16	Lot. 1957, Block 43 RH Park, Phase 3 MTLD, Jalan Penrissen, 93250, Kuching, Sarawak.	Two-storey Industrial Building	4 years	Leasehold 66 years expiring in 2081	16,727	1,207	01.12.15#
17	Park Inn by Radisson Hotel Taman Unipark Suria 43000 Kajang Selangor	Hotel	10 months	Freehold	131,277	42,268	20.2.2020#

# ANALYSIS OF SHAREHOLDINGS

As at 26 April 2021

Issued Share Capital : RM249,436,954  
Class of Shares : Ordinary Shares  
Voting Rights : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	499	7.04	23,398	0.00
100 – 1,000	350	4.94	132,910	0.03
1,001 – 10,000	2,836	39.99	14,111,951	2.93
10,001 – 100,000	2,908	41.01	92,651,535	19.23
100,001 to less than 5% of issued shares	495	6.98	243,562,753	50.56
5% and above of issued shares	3	0.04	131,257,863	27.25
<b>TOTAL</b>	<b>7,091</b>	<b>100.00</b>	<b>481,740,410</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Sri Ir Chong Ket Pen	93,626,376	19.44	45,597,197 <sup>(1)</sup>	9.47
Penmacorp Sdn Bhd	45,597,197	9.47	-	-
Gan Chun Hui	35,814,100	7.43	-	-

Notes:

(1) Deemed interested pursuant to Section 8 of the Company's Act 2016 by virtue of his shareholdings in Penmacorp Sdn Bhd

## DIRECTORS' SHAREHOLDINGS

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Sri Ir Chong Ket Pen	93,626,376	19.44	49,564,861 <sup>(a)</sup>	10.29
Dato' Ir Kenny Chong Ther Nen	2,866,458	0.60	2,095,800 <sup>(b)</sup>	0.44
Dato' Su-Azian @ Muzaffar Syah Bin Abd Rahman	875,000	0.18	3,645,833 <sup>(c)</sup>	0.76
Dato' Tan Yee Boon	-	-	-	-
Ir Tan Heng Kui	8,912,770	1.85	-	-
Suhaimi Bin Badrul Jamil	105,832	0.02	-	-
Tham Wei Mei	-	-	-	-
Celine Chan Hooi Li	-	-	-	-

Notes:

(a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd

(b) by virtue of his interest via spouse

(c) by virtue of his interest in Rencana Berkas Sdn Bhd

## Analysis of Shareholdings

As at 26 April 2021

## LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG KET PEN (PB)	57,777,816	11.99
2	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	43,943,447	9.12
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN CHUN HUI (PB)	29,536,600	6.13
4	CHONG KET PEN	22,152,290	4.60
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KET PEN (8093834)	13,696,270	2.84
6	MAR WOOL LIENG	9,091,100	1.89
7	FEDERLITE HOLDINGS SDN BHD	8,338,454	1.73
8	TAN HENG KUI	7,656,250	1.59
9	GAN CHUN HUI	6,277,500	1.30
10	ADDEEN HOLDINGS SDN BHD	4,899,999	1.02
11	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR YANG JIAYUAN	4,248,800	0.88
12	RENCANA BERKAT SDN BHD	3,645,833	0.76
13	LIM SIM KEE	3,519,400	0.73
14	RONNIE YAP KEE TIAN	2,755,307	0.57
15	MAGDALEN KHOO MONG CHEEN	2,696,083	0.56
16	LEE BOON KIAN	2,291,479	0.48
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TACK PENG (LBU 1031)	2,275,966	0.47
18	LEE WEE MIEN	2,166,000	0.45
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSEMARY KHOO MONG SAN	2,095,800	0.44
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP OON NEO (PB)	1,937,083	0.40
21	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHEAH KOK FAH	1,900,000	0.39
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SEE CHEH	1,881,250	0.39
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI EN	1,828,800	0.38
24	PENMACORP SDN BHD	1,653,750	0.34
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,500,000	0.31
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG THER NEN	1,500,000	0.31

## Analysis of Shareholdings

As at 26 April 2021

### LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
27	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (MAYBANK SG PWM)	1,366,458	0.28
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,359,000	0.28
29	KHOR KENG SAW @ KHAW AH SOAY	1,355,000	0.28
30	LEW MEW CHOI	1,300,000	0.27
	<b>TOTAL</b>	<b>246,645,735</b>	<b>51.18</b>

Note: Without aggregating securities from different securities accounts belonging to the same person.

# ANALYSIS OF WARRANTHOLDINGS

As at 26 April 2021

Number of Issued Warrants	: 106,051,448
Number of Unexercised Warrants	: 106,051,448
Exercise Price	: RM0.75 per Warrant
Maturity Date	: 25 April 2023

## DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less than 100	700	13.28	25,109	0.02
100 – 1,000	1,469	27.86	790,968	0.74
1,001 – 10,000	2,348	44.54	7,854,434	7.41
10,001 – 100,000	598	11.34	21,952,504	20.70
100,001 to less than 5% of issued warrants	155	2.94	55,334,355	52.18
5% and above of issued warrants	2	0.04	20,094,078	18.95
<b>TOTAL</b>	<b>5,272</b>	<b>100.00</b>	<b>106,051,448</b>	<b>100.00</b>

## DIRECTORS' WARRANTHOLDINGS

Name	Direct Warrantholdings		Indirect Warrantholdings	
	No. of Warrant Held	%	No. of Warrant Held	%
Dato' Sri Ir Chong Ket Pen	16,527,669	15.58	10,913,640 <sup>(a)</sup>	10.29
Dato' Ir Kenny Chong Ther Nen	292,812	0.28	449,100 <sup>(b)</sup>	0.42
Dato' Su-Azian @ Muzaffar Syah Bin Abd Rahman	187,500	0.18	781,250 <sup>(c)</sup>	0.74
Dato' Tan Yee Boon	-	-	-	-
Ir Tan Heng Kui	1,920,593	1.81	-	-
Suhaimi Bin Badrul Jamil	16,250	0.02	-	-
Tham Wei Mei	-	-	-	-
Celine Chan Hooi Li	-	-	-	-

Notes:

(a) by virtue of his interests via his spouse, children and Penmacorp Sdn Bhd

(b) by virtue of his interest via his spouse

(c) by virtue of his interest via Rencana Berkat Sdn Bhd

## Analysis of Warrantholdings

As at 26 April 2021

## LIST OF TOP 30 WARRANTHOLDERS

No.	Name	Holdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG KET PEN (PB)	10,677,625	10.07
2	UOBM NOMINEES (TEMPATAN) SON BHD PLEDGED SECURITIES ACCOUNT FOR PENMACORP SDN BHD (PCB)	9,416,453	8.88
3	CHONG KET PEN	4,746,919	4.48
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GANESAN A/L SOUNDRAPANDIAN (E-SKN/SCA)	2,000,000	1.89
5	LEE BOON KOON	1,881,000	1.77
6	TAN HENG KUI	1,640,625	1.55
7	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR HENG HUA CHUANG	1,430,151	1.35
8	FEDERLITE HOLDINGS SDN BHD	1,300,618	1.23
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KET PEN (8093834)	1,103,125	1.04
10	CHIA GUAN SENG	1,079,900	1.02
11	NURUL IZUDDIN BIN A RAHMAN	1,000,000	0.94
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG SENG FOH	917,800	0.87
13	FOO FOOK MIN	900,000	0.85
14	RENCANA BERKAT SDN BHD	781,250	0.74
15	FIRUS BIN RUSTAM	705,300	0.67
16	GOH LEE HIAN	700,000	0.66
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEA JIAN KAI (E-TAI/STW)	700,000	0.66
18	TAY SEW TIN	700,000	0.66
19	KHOR KENG SAW ® KHAW AH SOAY	667,500	0.63
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU TING TONG (LBU)	640,000	0.60
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP OON NEO (PB)	629,375	0.59
22	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHOOI CHUNG CHIH	625,000	0.59
23	SIAW TECK SIONG	600,000	0.57
24	RONNIE YAP KEE TIAN	590,423	0.56
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE KAI MING (E-TSA)	580,000	0.55
26	LOH CHU MING	540,000	0.51

## Analysis of Warrantholdings

As at 26 April 2021

**LIST OF TOP 30 WARRANTHOLDERS (CONT'D)**

No.	Name	Holdings	%
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MUHAMAD ARAFAT BIN AB AZIZ	520,000	0.49
28	ABD HAZIS BIN OMAR	500,000	0.47
29	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SWEE SUAN TECK (MY3526)	500,000	0.47
30	LEE YOUN SING	500,000	0.47
<b>TOTAL</b>		<b>48,573,064</b>	<b>45.83</b>

Note: Without aggregating securities from different securities accounts belonging to the same person.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 20<sup>th</sup> Annual General Meeting of the Company will be conducted fully virtual from the Broadcast Venue at Conference Hall, 1<sup>st</sup> Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor on Tuesday, 29 June 2021 at 11.00 a.m. to transact the following businesses:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees and benefits for the period from 30 June 2021 to the next Annual General Meeting. Ordinary Resolution 1
3. To re-elect the following Directors retiring in accordance with Article 107(1)(b) of the Company's Constitution:
  - (i) Encik Suhaimi bin Badrul Jamil Ordinary Resolution 2
  - (ii) Ms Tham Wei Mei Ordinary Resolution 3
4. To appoint auditors of the Company and authorise the Directors to determine their remuneration. Ordinary Resolution 4
5. To consider and if thought fit, to pass the following resolution, with or without modifications:

### ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES

"THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 5

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

### ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and requirements of any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase its own shares through Bursa Securities, subject to the following:

Ordinary Resolution 6

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

## Notice of Annual General Meeting

- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
- (i) the conclusion of the next Annual General Meeting (“AGM”), at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
  - (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;
- whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt in the following manner as the Directors of the Company may decide:
- (i) cancel the shares so purchased; or
  - (ii) retain the shares so purchased as treasury shares; or
  - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (iv) distribute the treasury shares as dividends to shareholders; or
  - (v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; or
  - (vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees’ share scheme; or
  - (vii) transfer the treasury shares, or any of the shares as purchase consideration; or
  - (viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be authorised to take all such steps as are necessary and enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares.”

7. To transact any other business of which due notice shall have been received.

**BY ORDER OF THE BOARD****KHOR HOOI LING (SSM PC No. 202008000854)****SEOW FEI SAN (SSM PC No. 201908002299)**

Secretaries

Petaling Jaya  
31 May 2021

## Notice of Annual General Meeting

### NOTES TO NOTICE OF THE 20<sup>TH</sup> ANNUAL GENERAL MEETING:

1. As a precautionary measure amid the COVID-19 outbreak, the 20<sup>th</sup> Annual General Meeting ("AGM") will be conducted virtually through live streaming and online voting. All shareholders are advised to participate in the 20<sup>th</sup> AGM remotely by registering yourself at Boardroom Smart Investor Portal through webpages at <https://boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 20<sup>th</sup> AGM in order to register, participate and vote via <https://web.lumiagm.com>.
2. The Broadcast Venue of the 20<sup>th</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("Act") which requires the Chairman of the Meeting to be present at the main venue. No shareholders/proxy(ies) from the public should be physically present at the Broadcast Venue.
3. Only members whose names appear on the Record of Depositors as at 23 June 2021 shall be entitled to attend, speak (in the form of real time submission of typed text) and vote at the 20<sup>th</sup> Annual General Meeting.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak (in the form of real time submission of typed text) and vote in his stead. A proxy may but need not be a member of the Company.
5. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. 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.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
9. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan or by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal not less than forty-eight hours before the time for holding the meeting or at any adjournment thereof, otherwise, the instrument of proxy shall not be treated as valid. Kindly refer to the Administrative Guide for further details on proxy lodgement via electronic means.
10. Explanatory notes:

**Ordinary Resolution 1** - The proposed Ordinary Resolution 1 is to approve the Directors' fees and benefits payable to the Non-Executive Directors ("NED") of up to an amount of RM600,000 with effect from 30 June 2021 until the next Annual General Meeting of the Company.

The fees and benefits payable to the NEDs of the Company are as follows:

- Monthly fixed fees for discharging duties as Director; and
- Meeting allowance for each Board/Board Committee/General Meeting attended.

## Notice of Annual General Meeting

The shareholders at the last Annual General Meeting held on 5 August 2020 approved the Directors' fees and benefits of up to RM600,000 for the period from 6 August 2020 until the Annual General Meeting for year 2021. The actual Directors' fees and benefits paid to the NEDs for the period from 6 August 2020 until the 20<sup>th</sup> Annual General Meeting is RM286,000.

Details of the fees and benefits paid to the Non-Executive Directors for the financial year ended 31 December 2020 are disclosed on page 65 of the Corporate Governance Overview Statement in the 2020 Annual Report.

The Directors' fees and benefits for the Non-Executive Directors for the period from 30 June 2021 until the conclusion of the next Annual General Meeting in year 2022 are estimated not to exceed RM600,000. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that the number of the Non-Executive Directors will remain the same until the next Annual General Meeting in year 2022.

The Board will seek shareholders' approval at the next Annual General Meeting in the event the Directors' fees and benefits proposed is insufficient.

**Ordinary Resolutions 2 & 3** - Encik Suhaimi bin Badrul Jamil, Ms Tham Wei Mei and Mr. Tan Heng Kui will retire at the 20<sup>th</sup> AGM pursuant to the Article 107(1)(b) of the Company's Constitution.

Both Encik Suhaimi bin Badrul Jamil and Ms Tham Wei Mei are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election. Nevertheless, Mr. Tan Heng Kui, who is also subject to retirement by rotation, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 20<sup>th</sup> AGM.

**Ordinary Resolution 5** - The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company, from the date of the 20<sup>th</sup> Annual General Meeting, authority to allot and issue shares up to 10% of the total number of issued shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

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

As at the date of printing of the Annual Report, no new share was issued by the Company pursuant to the authority granted to the Directors at the 19<sup>th</sup> Annual General Meeting held on 5 August 2020 and the said authority will lapse at the conclusion of the 20<sup>th</sup> Annual General Meeting.

**Ordinary Resolution 6** - The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Shares Buy-Back is set out in the Share Buy-Back Statement to Shareholders dated 31 May 2021.

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Registration No. 200101012322 (548078-H)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_  
(Full Name)

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address)

being a member/members of **Protasco Berhad** hereby appoint \_\_\_\_\_  
(Full Name)

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address & Email Address)

or failing him/her \_\_\_\_\_  
(Full Name)

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address & Email Address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be conducted fully virtual from the Broadcast Venue at Conference Hall, 1<sup>st</sup> Floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor on Tuesday, 29 June 2021 at 11.00 a.m. and at any adjournment thereof and to vote as indicated below:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits.		
2.	To re-elect Encik Suhaimi bin Badrul Jamil as a director of the Company.		
3.	To re-elect Ms Tham Wei Mei as a director of the Company.		
4.	To appoint auditors of the Company and authorise the Directors to determine their remuneration.		
5.	To approve the authority to allot shares.		
6.	To approve the proposed renewal of share buy-back authority.		

Please indicate with a "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

No of Shares Held	
CDS Account No.	
Proportion of shareholdings to be represented	1 <sup>st</sup> Proxy: 2 <sup>nd</sup> Proxy:

\_\_\_\_\_  
Signature/Seal of Member

**Notes:**

1. As a precautionary measure amid the COVID-19 outbreak, the 20<sup>th</sup> Annual General Meeting ("AGM") will be conducted virtually through live streaming and online voting. All shareholders are advised to participate in the 20<sup>th</sup> AGM remotely by registering yourself at Boardroom Smart Investor Portal through webpages at <https://boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 20<sup>th</sup> AGM in order to register, participate and vote via <https://web.lumiagm.com>.
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5. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. 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.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
9. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan or by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal not less than forty-eight hours before the time for holding the meeting or at any adjournment thereof, otherwise, the instrument of proxy shall not be treated as valid. Kindly refer to the Administrative Guide for further details on proxy lodgement via electronic means.

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**STAMP**

The Company Secretaries

**PROTASCO BERHAD**

802, 8<sup>th</sup> Floor, Block C, Kelana Square  
17, Jalan SS7/26, 47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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[www.protasco.com.my](http://www.protasco.com.my)

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