



**PASUKHAS GROUP BERHAD**

[ 200501009342 (686389-A) ]  
(Incorporated in Malaysia)



# ANNUAL REPORT 2020



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Mejar Dato' Ismail Bin Ahmad**

*Independent Non-Executive Chairman*

**Wan Thean Hoe**

*Executive Director cum Chief Executive Officer*

**Mak Siew Wei**

*Executive Director*

**Tang Boon Koon**

*Executive Director*

**Dato' Nik Ismail Bin Dato' Nik Yusoff**

*Independent Non-Executive Director*

**Yap Chee Keong**

*Independent Non-Executive Director*

**Teoh Kim Hooi**

*Independent Non-Executive Director*

### AUDIT AND RISK MANAGEMENT COMMITTEE

**Teoh Kim Hooi**, *Chairman*

**Yap Chee Keong**, *Member*

**Mejar Dato' Ismail Bin Ahmad**, *Member*

**Dato' Nik Ismail Bin Dato' Nik Yusoff**, *Member*

### NOMINATION COMMITTEE

**Dato' Nik Ismail Bin Dato' Nik Yusoff**, *Chairman*

**Yap Chee Keong**, *Member*

**Teoh Kim Hooi**, *Member*

### REMUNERATION COMMITTEE

**Mejar Dato' Ismail Bin Ahmad**, *Chairman*

**Yap Chee Keong**, *Member*

**Teoh Kim Hooi**, *Member*

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

**Mak Siew Wei**, *Chairman*

**Wan Thean Hoe**, *Member*

**Tang Boon Koon**, *Member*

### COMPANY SECRETARIES

**Tan Tong Lang**

(SSM PC NO. 201908002253 & MAICSA 7045482)

**Vimalraj A/L Shanmugam**

(SSM PC NO. 202008000925 & MAICSA 7068140)

### REGISTERED OFFICE

Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor  
Tel : +603 7890 0638  
Fax : +603 7890 1032

### CORPORATE OFFICE

DF2-11-01, Level 11, Persoft Tower,  
6B, Persiaran Tropicana,  
Tropicana Golf & Country Resort,  
47410 Petaling Jaya,  
Selangor  
Tel : +603 7665 6088  
Fax : +603 7665 6089  
Website: <https://www.pasukhasgroup.com>  
Email: [admin@pasukhas.com.my](mailto:admin@pasukhas.com.my)

### EXTERNAL AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)  
Level 16, Tower C  
Megan Avenue 2  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : +603 2788 9999  
Fax : +603 2788 9998

### SHARE REGISTRAR

Boardroom.com Sdn. Bhd.  
[Registration No. 200801019600 (820910-X)]  
Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor  
Tel : +603 7890 0638  
Fax : +603 7890 1032

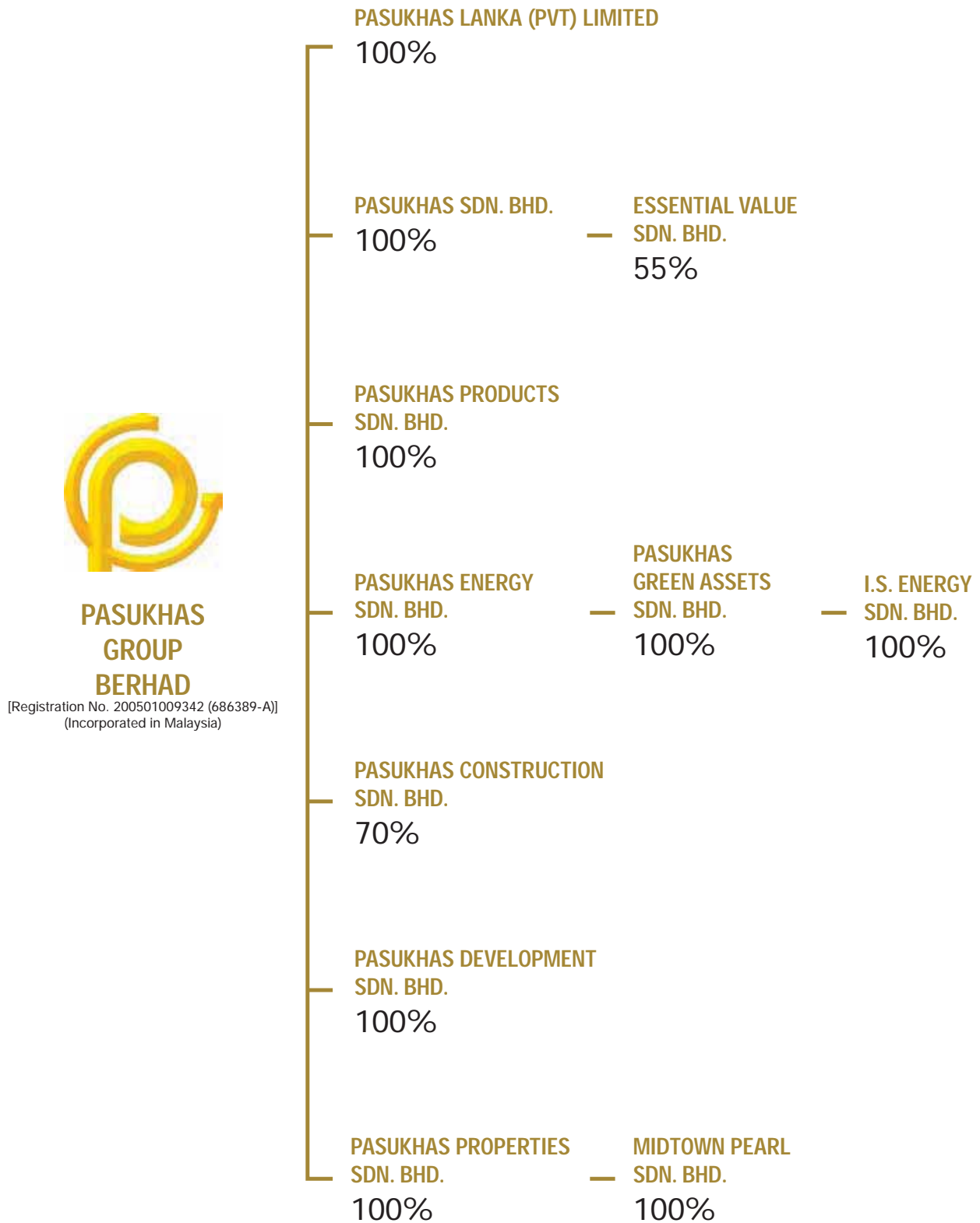
### PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Stock Name : PASUKGB  
Stock Code : 0177  
Sector : Industrial Products & Services

## CORPORATE STRUCTURE



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Sixteenth Annual General Meeting ("16th AGM") of the Company will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Tuesday, 25 May 2021 at 3.00 p.m. for the following purposes:

### AGENDA

#### As Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.  | <i>Please refer to Explanatory Note to Ordinary Business</i>   |
| 2. | To re-elect Wan Thean Hoe who retires pursuant to Clause 97 of the Company's Constitution and who being eligible, has offered himself for re-election.  | <i>Ordinary Resolution 1</i>   |
| 3. | To re-elect the following Directors who retire pursuant to Clause 104 of the Company's Constitution and who being eligible, have offered themselves for re-election: -<br>(a) Mejar Dato' Ismail Bin Ahmad<br>(b) Dato' Nik Ismail Bin Dato' Nik Yusoff<br>(c) Mak Siew Wei<br>(d) Tang Boon Koon | <i>Ordinary Resolution 2<br/>Ordinary Resolution 3<br/>Ordinary Resolution 4<br/>Ordinary Resolution 5</i> |
| 4. | To approve the payment of Directors' Fees amounting to RM600,000 to the Directors of the Company for the financial period from 1 January 2020 up to the conclusion of the 17th AGM.   | <i>Ordinary Resolution 6</i>   |
| 5. | To approve the payment of Directors' Benefits to the Directors of the Company and its subsidiaries up to an amount of RM1,000,000 for the financial period from 1 July 2021 up to the conclusion of the 17th AGM.   | <i>Ordinary Resolution 7</i>   |
| 6. | To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company.  | <i>Ordinary Resolution 8</i>   |

#### As Special Business

To consider and if thought fit, to pass the following resolutions:-

- |    |   |                              |
|----|---|------------------------------|
| 7. | Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 | <i>Ordinary Resolution 9</i> |
|----|---|------------------------------|

"THAT subject to passing of the Special Resolution 1, the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for Covid-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, if any, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes 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 20% of the total number of issued shares of the Company for the time being; AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia for the listing and quotation of the additional shares so issued.

AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company".

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. Proposed Amendment to the Constitution of the Company ("Proposed Amendment")

*Special Resolution 1*

"THAT the proposed amendment to the Constitution of the Company as set out in the Appendix A which has been circulated to the shareholders together with this notice, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendment for and on behalf of the Company."

9. To transact any other business of which due notice shall have been given.

**BY ORDER OF THE BOARD**

**TAN TONG LANG** (SSM PC No. 201908002253 & MAICSA 7045482)

**VIMALRAJ A/L SHANMUGAM** (SSM PC No. 202008000925 & MAICSA 7068140)

Company Secretaries

Selangor Darul Ehsan

Dated : 30 April 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
3. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her holdings to be represented by each proxy, failing which, the appointment shall be invalid.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) may be made in physical submission or electronic submission. The proxy form must be deposited with the Company's Share Registrar at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM.
7. If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.
9. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 18 May 2021 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Notes to Ordinary Business:

Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2020

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

Explanatory Notes to Special Business:

Ordinary Resolution 9 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 9 is a renewal general mandate and if passed, will empower the Directors to allot and issue shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Bursa Malaysia Securities Berhad (“Bursa Securities”) has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being (“20% General Mandate”). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 (“Extended Utilisation Period”) and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Companies Act 2016 from its shareholders at the forthcoming AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

As at the date of this notice, the Company has issued 81,441,000 new ordinary shares at issue price of RM0.1003 per share by way of private placement pursuant to the General Mandate granted to the Directors at the 15th AGM held on 30 June 2020 and the general mandate will lapse at the conclusion of the 16th Annual General Meeting.

### Special Resolution 1 – Proposed Amendment

The Proposed Amendment to the Constitution of the Company is primarily to provide more flexibility for the Company and to ensure the compliance with the Companies Act 2016 and Listing Requirements of Bursa Securities. The Proposed Amendment to be made to the Constitution is listed as per Appendix A, which is circulated together with the Notice of the 16th AGM dated 30 April 2021.

## APPENDIX A

### PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY

The Constitution of Pasukhas Group Berhad is proposed to be amended in the following manner:-

Clause No.	Existing Clause	Proposed Amendment
15.	Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding 12 months, exceeds 10% of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding 12 months, exceeds the allowed threshold by the prevailing rules and regulation, except where the shares or convertible Securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.

## FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
<b>Profitability</b>					
Revenue (RM'000)	60,385	36,859	97,375	29,087	10,860
(Loss)/Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	(6,646)	3,368	(3,026)	(5,477)	(36,688)
(Loss)/Profit before taxation (RM'000)	(6,713)	1,419	(7,602)	(11,301)	(42,158)
(Loss)/Profit for the year attributable to equity holders (RM'000)	(6,104)	607	(7,268)	(10,918)	(38,970)
<b>Balance Sheet</b>					
Share capital (RM'000)	37,011	89,783	89,783	89,922	117,501
Number of shares in issue (units) ('000)	370,112	811,573	811,573	814,417	1,194,717
Shareholders' equity (RM'000)	41,047	88,168	79,438	68,429	58,024
<b>Financial Ratio</b>					
Revenue growth	(11.34%)	(38.96%)	164.18%	(70.13%)	(62.66%)
Earnings growth	(760.76%)	112.23%	1,243.17%	34.51%	277.73%
Return on equity	(14.87%)	0.68%	(9.15%)	(15.96%)	(67.16%)
<b>Share Information</b>					
Weighted average number of ordinary Shares (units) ('000)	317,551	668,231	811,573	813,684	864,053
Dividend per share (sen)	-	-	-	-	-
(Loss)/Earnings per share (sen)	(1.92)	0.09	0.90	(1.34)	(4.51)
Net assets per share (sen)	11.09	10.86	9.79	8.40	4.86



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Company is a public company limited by shares and is incorporated under the Companies Act in Malaysia. The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of its subsidiaries are engaged in the Mechanical & Electrical Engineering Services, Civil Engineering and Construction Services, Manufacturing of Low Voltages ("LV") Switchboards, Trading of Coal, River Sand and Equipment, Renewable Energy, Rental Property and Property Development segments ("the Group").

The year 2021 will no doubt bring a fair share of challenges and opportunities to the Group. The slowdown in activities on ongoing projects for the local Civil Engineering and Construction Services and Mechanical & Electrical Engineering Services in year 2020 as compared to year 2019, which due to intense competitive market and continued pressure on pricing are expected to have adverse financial effects on the Company. Despite the headwinds from the slowdown, the Group remains optimistic as it will continue to leverage on its clients base, internal strength and marketing efforts to secure new contracts from both local and overseas clients. The Group also expands into River Sand Extraction cum Trading segment in the near future. It is expected that the Group would be able to improve earnings and profitability for the foreseeable financial years.

## FINANCIAL REVIEW

Revenue of the Group decreased to RM10.860 million (2019: RM29.087 million). This was mainly due to decrease in Civil Engineering & Construction Services. The Group's revenue was derived from Malaysia. In addition, the Group's gross operating profit decrease by 45.80% to RM3.182 million (2019: RM5.870 million) due to lower margin from Manufacturing of LV Switchboards and Civil Engineering & Construction Services. There is also an increase of net loss by 277.73% from RM11.149 million in 2019 to RM42.113 million in 2020. This is mainly due to impairment loss on contract assets and receivables amounting to RM27.471 million in 2020.

Revenue for the year comprises of RM0.998 million (2019: RM19.481 million) contributed by Civil Engineering & Construction Services, RM4.662 million (2019: RM3.362 million) by Renewable Energy and Rental, the remaining revenue are contributed from Mechanical Engineering services and Manufacturing of LV Switchboards. Gross Operating Profit for the year was RM3.182 million (2019: RM5.870 million), of which RM2.581 million was mainly from Renewable Energy. The remaining gross profits are mainly contributed from Mechanical & Engineering Services and Manufacturing of LV Switchboards.

Most of the Group's assets and liabilities are dominated in Ringgit Malaysia. However, the net exposure in terms of its potential impact on both profitability and financial position of the Group is considered to be not material. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 31 December 2020, the Group has not enter into any hedging instruments as the potential impact was insignificant.

The Group has centralized its financing policies and control over all its operations. With tight control on treasury operations, yields from excess funds are maximized without compromising on risks while average cost of funds for borrowings is lowered. On the other side, all the bank facilities are secured by joint and several guarantee of certain directors of the Company, and corporate guarantees by the Company.

The Board has not recommended and declared any dividend for the year and over the previous years, mainly due to its continued diversification and expansion for sustainable growth in future. Nevertheless, future declaration of dividends shall be subjected to future investment and further expansion needs.

## OPERATIONAL REVIEW

In 2020 no doubt brings a fair share of challenges to the Group. The macroeconomic volatilities, currency fluctuations across the Asian nations, and slowing GDP growth of China exerted pressures at an increased level in this competitive environment. Despite these challenges, the Group continued to implement its strategic plans and delivered core earnings on an expanded scale.

# MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

## OPERATIONAL REVIEW (cont'd)

The Group's business comprised of five major segments i.e. Civil Engineering and Construction Services, Mechanical & Electrical Engineering Services, Manufacturing of LV Switchboards, Trading and Renewable Energy. The Group had been undertaking various types of projects in the construction industry and provision of Mechanical & Electrical Engineering Services, either on a joint venture basis or by the Company alone.

The Group is striving to get long term contracts for the Civil Engineering and Construction Services and Mechanical & Electrical Engineering Services which in turn, will contribute positively to the results of the Group.

## PROSPECTS

The year 2021 will no doubt bring a fair share of challenges and opportunities to the Group. With the Coronavirus disease 2019 (COVID-19) pandemic outbreak worldwide, like other companies in the same industry, the immediate prospects for the Group are not encouraging in the event that the macro economic and political climate do not improve drastically.

Nevertheless, the Group remains reasonably optimistic as it will continue to leverage on its clients base, internal strength and marketing efforts to secure new contracts from both local and overseas clients. With its solid foundation, and keen eye for integrating suitable acquisition and mergers into its expansion, the Group is expected to maintain sustainable growth and improved profitability for the foreseeable financial years.

The Board believe that with the continuous growth in the Energy Utilities Services and Power Generation segment will contribute positively to the financial performance of the Group. The Renewable Energy, i.e. energy utilities services and power generation business, with the long term stable income stream derived from the energy utilities services continue to contribute positively to long term revenue and profits of the Group. On top of the above, the Group will kick start its development project and expand into River Sand Extraction cum Trading segment in the near future.

To fund the said projects and expansion, on 18 September 2020, the Group had completed the private placement of up to 81,440,000 new ordinary shares in the Company, representing 10% of the total number of issued shares of the Company. On 12 October 2020, the Company had further proposed to undertake a private placement of up to 268,757,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company.

Furthermore, on 17 March 2021, the Group announced the undertaking of proposed consolidation of every 10 existing ordinary shares in Pasukhas ("Pasukhas Shares" or "Shares") into 1 Pasukhas Share ("Consolidated Share") ("Proposed Share Consolidation"); and proposed renounceable rights issue of up to 992,394,438 new Shares ("Rights Shares") together with up to 578,896,755 free detachable warrants in Pasukhas ("Warrants A") on the basis of 12 Rights Shares together with 7 free Warrants A for every 2 existing Consolidated Shares held by the entitled shareholders on an entitlement date to be determined ("Entitled Shareholders") ("Right Entitlement Date") ("Proposed Rights Issue with Warrants").

In addition, on 2 April 2021, the Group had introduced the first maiden development project to public during the Ground-breaking Ceremony which was officiated by YB Dato' Sri Ismail Sabri Bin Yaakob, Senior Minister (Security Cluster).

This is a project by Pasukhas Development Sdn. Bhd. ("PDSB") (a wholly-owned subsidiary of the Company) through Joint Venture Agreement ("JVA") with Yayasan on 9 June 2017. Pursuant to the JVA, PDSB will undertake Yayasan Project as the Yayasan Project owner. PDSB shall be responsible for undertaking and implementing the entire development project on a total package basis from initial conceptual studies through the detail design and construction phase to the completion thereof. Further information on the roles and responsibility of PDSB are set out in the circular to Shareholders dated 20 July 2018.

The development project located off Jalan Tun Razak, Kuala Lumpur. The development project has an estimated gross development value of RM338 million and gross development profit of RM81 million, after deducting gross development costs of approximately RM257 million. PDSB shall be effectively entitled to the whole gross development profit of RM81 million from development project. The development project is estimated to have a gross built-up area of approximately 644,000 square feet with a net floor area of approximately 355,000 square feet comprising the following:-

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### PROSPECTS (cont'd)

- (a) 224 units of serviced apartments with built-up areas ranging from approximately 640 square feet to 4,400 square feet, spread out over 32 storeys;
- (b) 1 basement car park comprising 42 car park lots;
- (c) an 8-storey podium comprising 2 storeys of commercial centres with a net floor area of approximately 12,000 square feet and 6 storeys containing a total of 607 car park lots;
- (d) 9 storeys of commercial offices with a net floor area of approximately 93,000 square feet; and
- (e) facilities including prayer room, multi-purpose hall, meeting room, childcare centre, kindergarten, laundry, reading room, indoor games room, gymnasium, computer room, hawker centre, workers' recreational space, medical treatment room, taxi-waiting area and other related amenities.

Nonetheless, the Group will continue to focus and review its strategies to improve the cost, quality and delivery of its products and services as well as overall operational efficiencies in order to remain competitive in the industries the Group operate in.



## DIRECTORS' PROFILE

Mejar Dato' Ismail Bin Ahmad, was appointed to the Board of the Company on 2 September 2020 as Independent Non-Executive Chairman. He is the Chairman of Remuneration Committee and also a member of Audit and Risk Management Committee.

Mejar Dato' Ismail holds several qualifications such as Degree in Master in Management, LLB Hons from University of Wolverhampton, United Kingdom, Master of Laws from University of London and Certificate in Legal Practice.

He served in the Malaysian Army for 17 years and attended courses both local and overseas. In 1983, he joined Perwira Niaga Malaysia (Pernama), a wholly-owned subsidiary of LTAT, a wholesale and international trading company. His last position in Pernama was Deputy General Manager before he left in 1999. He was the CEO of Odasaja Sdn. Bhd. in its formative year and later became the Group Executive Director of the

same. He left Odasaja Sdn. Bhd. in December 2002. Since then he has been actively contributing his knowledge and experience to various companies involved in general trading, building and construction, including defence and security projects.

Mejar Dato' Ismail currently sits on the Board of Mlabs Systems Berhad as Non-Independent and Non-Executive Director.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Mr Wan Thean Hoe was appointed to the Board on 4 November 2015 as an Executive Director and subsequently, he was re-designated as the Chief Executive Officer of the Company on 4 December 2015. He is the member of Employees' Share Option Scheme Committee.

Mr Wan is a member of the Malaysian Institute of Accountants and an associate member of the Chartered Institute of Management Accountants.

He started as an account executive in Maju Associate Sdn. Bhd. in 1993 before joining Tan Chong Motor Assemblies Sdn. Bhd. as an Accountant in 1995. Mr Wan subsequently joined DXN Holdings Bhd. as the Group Financial Controller in 1998. In 2000, he joined Yunque Automotive (China) Co. Ltd. and Jiang Yin Cheng Chang Auto Parts (China)

Co. Ltd. as Deputy General Manager. After came back from China, he joined Toptrans Engineering Group as Group Financial Controller in 2010 and started off Tara Temasek Sdn. Bhd. ("TTSB") and Clean Tech Waste Solutions Sdn. Bhd. after he left Toptrans.

Mr Wan has extensive knowledge in corporate finance, business planning and development.

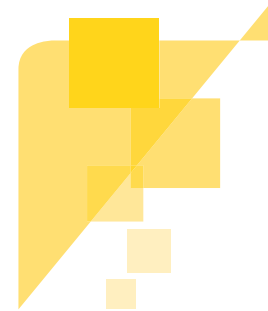
He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

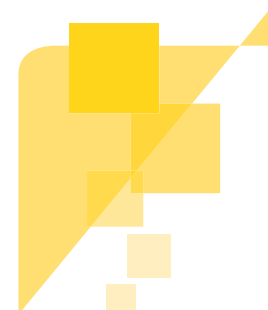
### MEJAR DATO' ISMAIL BIN AHMAD

Malaysian, Age 72, Male  
Independent Non-Executive  
Chairman



### Wan Thean Hoe

Malaysian, Age 52, Male,  
Executive Director cum Chief  
Executive Officer



## DIRECTORS' PROFILE (cont'd)

### MAK SIEW WEI

Malaysian, Age 46, Male,  
Executive Director



Mr Mak Siew Wei was appointed to the Board on 2 September 2020 as an Executive Director and he is the Chairman of Employees' Share Option Scheme Committee.

Mr Mak pursued his education in the United States and graduated with a Bachelor Degree in Management Information System.

He started his career as Business Development Manager for Marvic International (NY) Ltd in New York for 3 years. He is currently the Non-Independent Non-Executive Director of Advance Information Marketing Berhad and Executive Director for AT Systematization Berhad, Green Ocean Corporation Berhad and Saudee Group Berhad respectively.

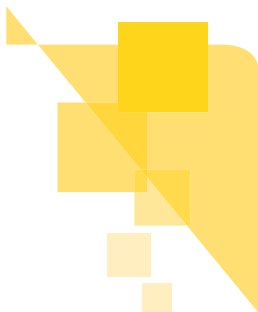
He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

### TANG BOON KOON

Malaysian, Age 51, Male,  
Executive Director



Administration (CeMBA) degree and has also obtained Diploma in Electronics and Electrical Engineering from Federal College of Technology. Furthermore, he has also attended the Mandatory Accreditation Program for Directors of Public Listed Companies (Pursuant to Rule 15.09 of Bursa Securities Listing Requirements) and Corporate Directors' Training Program for The Companies Commission of Malaysia.

He has more than 28 years of working experience in the Information, Communication & Technology industry, and was an all-rounder from technical, marketing, business development, operation to corporate management and finance.

He has held a number of senior management positions in various public listed companies in Malaysia, Hong Kong and New Zealand with business activities covering a wide range of industries. Mr Tang currently sit on the Board of mTouche Technology Berhad, Permaju Industries Berhad, Meridian Berhad as the Executive Director and JOE Holding Berhad (Formerly known

as GPA Holdings Berhad) as the Senior Independent Non-Executive Director.

Before he joined mTouche Technology Berhad, Permaju Industries Berhad, Meridian Berhad and JOE Holding Berhad (Formerly known as GPA Holdings Berhad) as an Executive Director and Senior Independent Non-Executive Director respectively, Mr Tang was the Chief Operation Officer of MyKris Limited, a company listed in New Zealand Alternative Exchange (NZAX) and Asia Operation Director based in Hong Kong SAR for Nucleus Electronics Ltd, a company listed in Singapore.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Mr Tang Boon Koon was appointed to the Board on 11 September 2020 as an Executive Director. He is the member of Employees' Share Option Scheme Committee.

Mr Tang graduated from Wawasan Open University with a Commonwealth Executive Master of Business

## DIRECTORS' PROFILE (cont'd)

Dato' Nik Ismail Bin Dato' Nik Yusoff was appointed to the Board on 15 September 2020 as an Independent Non-Executive Director. He is the Chairman of the Nomination Committee and is also a member of Audit and Risk Management Committee.

Dato' Nik Ismail graduated from Universiti Kebangsaan Malaysia with a Diploma of Sains Kepolisan (DPS).

Dato' Nik Ismail joined the Police Force in 1965 and served the Force until his retirement on 2 September 2001 as Deputy Commissioner of Police. During his 36 years in service, he had served the force well, with full commitments and professionalism.

He had served in various positions in the Police Force, including Chief Police Officer (CPO) in the states of

Terengganu (1997), Kedah (1997 - 1999), and Selangor (1999 - 2001). He was also the Deputy Director Special Branch in Bukit Aman from 1995 to 1997.

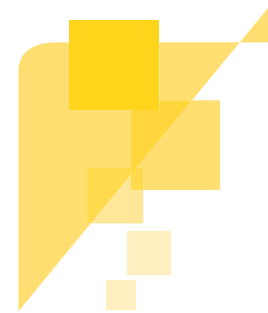
After his retirement, Dato' Nik Ismail was appointed as Director of several public listed companies and private limited companies. He currently sits on the Board as Independent and Non-Executive Chairman of AT Systematization Berhad, Green Ocean Corporation Berhad, AE Multi Holdings Berhad and PNE PCB Berhad.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

### **Dato' Nik Ismail Bin Dato' Nik Yusoff**

**Malaysian, Age 75, Male  
Independent Non-Executive Director**



He does not have any family relationship with any other Director and/or any major shareholder of the Company.

Mr Yap Chee Keong was appointed to the Board on 19 August 2013 as an Independent Non-Executive Director. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Mr Yap holds a Bachelor of Arts (First Class Honours) degree in Economics from the University of Leeds, United Kingdom (1978). He is also a Chartered Accountant of the Institute of Chartered Accountants of Scotland (1981).

He has auditing experience in England from 1978 to 1981. He also has extensive financial experience gained from his career in merchant banking from 1981 to 1997 with Bumiputra Merchant Bankers Berhad. Mr Yap is now a Financial Adviser and Company Director.

He does not hold any directorship in any of the public companies.

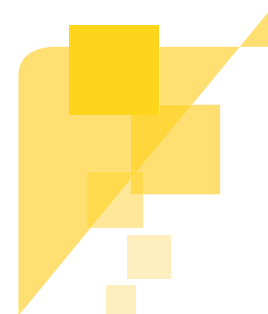
He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

### **Yap Chee Keong**

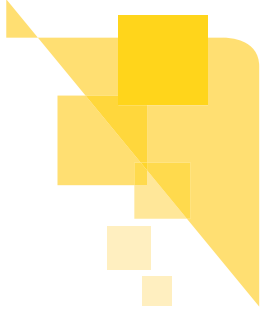
**Malaysian, Age 66, Male,  
Independent Non-Executive Director**



## DIRECTORS' PROFILE (cont'd)

### Teoh Kim Hooi

Malaysian, Age 66, Male,  
Independent Non-Executive Director



Mr Teoh Kim Hooi was appointed to the Board on 8 February 2012 as an Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee and is also a member of the Nomination Committee

and the Remuneration Committee respectively.

Mr Teoh graduated with a professional certification from the Association of Chartered Certified Accountants ("ACCA"), UK in 1980 and was admitted as an Associate Member of ACCA in 1982. He obtained his Fellowship of ACCA in 1987 and his audit licence from the Ministry of Finance in 1986.

He started his career in auditing as an audit assistant with a medium-sized audit firm from January 1979 to 1980. Thereafter, he joined a medium-sized audit firm, as a Senior Associate and rose up to the ranks of Audit Manager and also Tax Manager before he commenced his own practice in 1986. He currently practices under the name of TKH & Partners. He was also actively involved

in the business advisory and company secretarial sectors. He is currently a Fellow Member of ACCA, a Licensed Auditor and Tax Agent, a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Tax Institute of Malaysia.

He does not hold any directorship in any of the public companies.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

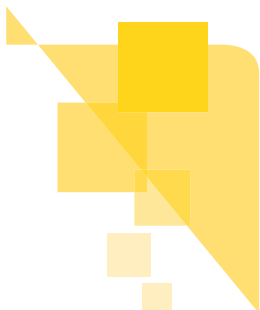
There is no sanction or penalty imposed on him by relevant regulatory bodies.

He does not have any family relationship with any other Director and/or any major shareholder of the Company.

## PROFILE OF KEY SENIOR MANAGEMENT

### Lim Ee Vone

Malaysian, Age 41, Female,  
Chief Financial Officer



Ms Lim Ee Vone was appointed on 16 November 2015 as Chief Financial Officer of the Company.

Ms Lim has more than 15 years of experience in corporate finance and accounting. She is a member of the Malaysian Institute of Accountants and Certified Practising Accountant of CPA Australia since 2007. She started her career in auditing as an Audit Associate in KPMG in 2003. Thereafter, she joined PricewaterhouseCoopers in 2004 before joining ENV Water Engineering (M) Sdn. Bhd. in year 2007 as Account Manager cum Personal Assistant to Executive Director. She then joined Toptrans Engineering Sdn. Bhd. as Group Accountant overseeing Group Corporate Finance and Treasury matters from 2009 until 2015. Subsequently, she joined Ahmad Zaki Resources Berhad

as Senior Manager in Group Reporting, responsible for the Company's write-up and presentation to the Board of Director and external parties. She has extensive finance and accounting knowledge in Mechanical and Electrical industry.

She does not hold any directorship in any of the public companies.

She does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any).

There is no sanction or penalty imposed on her by relevant regulatory bodies.

She does not have any family relationship with any other Director and/or any major shareholder of the Company.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Pasukhas Group Berhad (“the Board”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report which provides insights into the manner in which the ARMC discharged its functions for the Group in respect of the financial year ended 31 December 2020 (“FYE 2020”).

### COMPOSITION

The ARMC currently comprises of the following members:-

Chairman: Mr Teoh Kim Hooi, Independent Non-Executive Director

Members: Mr Yap Chee Keong, Independent Non-Executive Director  
Mejar Dato’ Ismail Bin Ahmad, Independent Non-Executive Chairman  
Dato’ Nik Ismail Bin Dato’ Nik Yusoff, Independent Non-Executive Director

The present ARMC comprised solely of Independent Non-Executive Directors (“INED”), in compliance with Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirement”) (“Bursa Securities”) and Practice 8.4 of the Malaysian Code on Corporate Governance 2017 (“MCCG”).

The members of ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the terms of reference of the ARMC.

### MEETINGS AND ATTENDANCE

The ARMC conducted five (5) meetings during the FYE 2020 and the attendance of the ARMC members is set out as below:-

	<u>Name of Directors</u>	<u>Attendance</u>
(a)	Mr Teoh Kim Hooi	5/5
(b)	Mr Yap Chee Keong	5/5
(c)	Mejar Dato’ Ismail Bin Ahmad ( <i>Appointed w.e.f 26 November 2020</i> )	-
(d)	Dato’ Nik Ismail Bin Dato’ Nik Yusoff ( <i>Appointed w.e.f 26 November 2020</i> )	-
(e)	Pn Norkamaliah Binti Hashim ( <i>Resigned w.e.f 14 September 2020</i> )	4/4

During the FYE 2020, the ARMC met five (5) times to discuss matters, among others, in relation to the accounting and reporting practices, related party transactions as well as internal and external audits of the Company and its subsidiaries.

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Company Secretaries or the representatives were present at all the meetings. The executive Board members, members of management as well as representatives of the external auditors and internal auditors were also invited to attend the meetings as and when the need arose.

The minutes of each ARMC meeting were recorded and tabled for confirmation at the next following ARMC meeting. The ARMC Chairman reported to the Board on the activities undertaken and the key recommendations for the Board’s consideration and decision.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### TERMS OF REFERENCE

The Terms of Reference of ARMC is available on the Company's corporate website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com) for shareholders' reference. The Board reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference which is available on the Company's corporate website.

The ARMC's Terms of Reference was last reviewed on 30 March 2021.

### INDEPENDENCE OF THE ARMC

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of ARMC was a key audit partner of the external auditors of the Group.

### SUMMARY OF WORK

During the FYE 2020, the ARMC has carried out the following work in accordance with its Terms of Reference to meet its responsibilities:

- (a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;
- (b) reviewed the annual audited financial statements of the Company and of the Group prior to the Board's consideration and approval;
- (c) reviewed the audit plan of the External Auditors in terms of their scope of audit prior to their commencement of their annual audit;
- (d) reviewed the recurrent related party transactions to be entered into by the Group to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders every quarter;
- (e) reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations;
- (f) reviewed Enterprise Risk Management Framework to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats;
- (g) reviewed the audit reports from the External Auditors in relation to audit and accounting matters arising from the statutory audit, matters arising from the audit of the Group in meetings and reported the same to the Board;
- (h) met with the External Auditors without the presence of the Executive Directors and Management in the ARMC meetings to enquire on significant findings, fraud consideration, if any, and/or management cooperation level;
- (i) reviewed the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval;
- (j) reviewed with the External Auditors and Internal Auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the annual report;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### SUMMARY OF WORK (cont'd)

- (k) reviewed the ARMC report, Corporate Governance Overview Statement together with Corporate Governance Report and Sustainability Statement for inclusion in the Annual Report;
- (l) reviewed the internal audit function of the Group, the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Group; and
- (m) reviewed and confirmed the minutes of the ARMC meetings, and also distributed the minutes to the other members of the Board.

### INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional firm named CAS Consulting Services Sdn. Bhd. ("**Internal Auditor**"), which has 5 personnel with relevant qualifications and/or experience in internal auditing.

CAS's engagement directors in charge of the Group's internal audit are Mr Chen Voon Hann and Mr Kong June Hon, both are Chartered Accountant of the Malaysian Institute of Accountants and a Chartered member of the Institute Internal Auditors Malaysia.

The primary responsibility of Internal Auditor is to assist the Board and the ARMC in reviewing the systems of internal control and providing recommendations to strengthen these systems. The main function of the Internal Auditor is to submit audit reports that highlight risk and control weaknesses and provide suitable recommendations for improvement to reassure the senior management and the ARMC on the state of its internal control and that of the Group.

The internal audit reports issued during the year incorporated findings and recommendations with regard to its system, control and processes, weaknesses highlighted in the course of audit, management responses, addressing and proposing remedial actions on the findings in its review process.

The internal audit reviews are carried out according to the internal audit plan which is reviewed and approved by the ARMC. Prior to the presentation of report to the ARMC, comments from the management are obtained and incorporated into the internal audit findings and reports. Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in pages 29 to 31 of this Annual Report.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of the FYE 2020 was amounted to RM13,500.

This statement was approved by the ARMC on 19 April 2021.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of Pasukhas Group Berhad (“**Pasukhas**” or “**the Company**”) remains committed to maintain the adequate standards of corporate governance (“**CG**”) within the Company and the subsidiaries (“**the Group**”), adhering to the principles and best practices of CG, through observing and practising the core values of Malaysian Code on Corporate Governance 2017 (“**MCCG**”) and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This Statement provides an overview on the application of the principles as set out in the MCCG and the extent to which the Company has complied with the three (3) key principles of the MCCG, Companies Act 2016 (“**Act**”) as well as the ACE Market Listing Requirements (“**AMLR**”) of Bursa Securities during the financial year ended 31 December 2020.

This Statement is to be read together with the CG Report 2020 of the Company, which is available on the Company’s website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

#### **Board Responsibilities**

The Board is collectively responsible for the overall strategic plans and long-term success of the Group. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising effective oversight on Management’s performance, risk assessment and controls over its business operations.

#### **1.1 Strategic Aims, Values and Standards**

The Board plays a critical role in charting the strategic direction, development and control of the Group includes reviewing and monitoring of matters on the strategy to promote sustainability, performance, evaluation, resource allocation, the standard of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group’s system of internal controls and risk management practices.

The responsibilities of the Board are inclusive of but not limited to:

- Reviewing the code of conduct of the Company and implementing appropriate internal systems to support, promote and ensure its compliance;
- Reviewing and adopting a sustainable strategic business development plan for the Company;
- Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- Reviewing the procedures for appointment of senior management and ensuring that succession planning of the senior management is in place;
- Ensuring the integrity of the Company’s financial and non-financial reporting; and
- Promoting effective communication and proactive engagements with shareholders and other stakeholders.

The Board has also established the following three (3) board committees to assist the Board in carrying out its fiduciary duties:

- (a) Audit and Risk Management Committee (“**ARMC**”)
- (b) Nomination Committee (“**NC**”)
- (c) Remuneration Committee (“**RC**”)

The powers delegated to the board committees are set out in the Terms of Reference of each of the board committees as approved by the Board. A copy of the Terms of Reference of the board committees is available on the Company’s website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **1.2 Chairman and Chief Executive Officer**

The positions of the Chairman and Chief Executive Officer (“CEO”) are held by different individuals. The roles are separated with a clear division of responsibilities between them to ensure the balance of control, power and authority.

The Chairman of the Board is Mejar Dato’ Ismail Bin Ahmad who is an Independent Non-Executive Chairman, leads the Board by setting the tone at the top and managing Board effectiveness by focusing on strategy, governance and compliance. The Chairman also provides leadership at Board level and represents the Board to the shareholders and other stakeholders. In addition, the Chairman also ensures orderly conduct and proceedings of the Board and general meetings, and all relevant issues are duly deliberated according to the agenda.

While the CEO is Mr Wan Thean Hoe, who is also the Executive Director. The CEO is primarily responsible for the day-to-day management of the business as well as the implantation of Board policies and decisions. The CEO is also responsible to assess the potential business opportunities and report the same to the Board for their discussion. The CEO also the conduit between the Board and the management in ensuring the success of the Company’s governance and management functions.

### **1.3 Qualified and Competent Company Secretaries**

The Board is supported by the Company Secretaries who are qualified under the Act. The Company Secretaries play an advisory role to the Board and is responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with AMLR, relevant laws and regulations. The Company Secretaries ensure that discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant party for appropriate action.

### **1.4 Access to Information and Advice**

The Board members have full and unrestricted access to information on the Group’s business and affairs to enable them to discharge their duties and responsibilities.

To discharge its responsibilities effectively, the Board meets every quarter of the year. Additional or special Board Meetings are convened as and when necessary to consider and deliberate on any urgent proposals or matters arising under their purview and requires the Board’s review or consideration.

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal before the Board meeting. Adequate notice is provided to allow the Directors to review the Board papers so that matters arising could be deliberated adequately at the Board meetings, and the Board could make appropriate decisions. Senior Management and appointed advisers of the Company may be required to attend the Board meetings as and when necessary.

### **1.5 Board Charter**

The Board Charter sets out the roles and responsibilities of the Board, individual Directors and Management, functions, compositions, operations and processes of the Board and adopted the Corporate Disclosure Policy, Directors’ Code of Conduct, Whistleblowing Policy, Remuneration Policy and Board Diversity Policy to be in line with the corporate governance standards as set out in the MCCG and AMLR.

The Board Charter is reviewed from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities. The Board Charter was last reviewed on 29 March 2019. The Board Charter is available on the corporate website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **GOOD BUSINESS CONDUCT AND CORPORATE CULTURE**

#### **2.1 Code of Conduct**

The Code of Conduct and Ethics serves as a road map to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity and comprised all aspects of its day-to-day business operations.

Directors and employees of the Group are expected to adhere to high standards of integrity and fair dealings in relation to clients, staff, Management and regulators which the Group operates and ensure compliance with all applicable laws, rules and regulations. The Code of Conduct and Ethics is available on the Company's website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

#### **2.2 Whistleblowing Policy**

The Group recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations. As such, the Board has adopted a whistleblowing policy for the Group as a measure to promote the highest standard of CG. The whistleblowing policy outlines the avenues for Directors, employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.

All employees and general public are encouraged to report genuine concerns about unethical behavior or malpractice of the Company. Any party who has knowledge on serious malpractice involving the affairs of the Company, may direct such complaint and report to the ARMC Chairman via e-mail at [armcchairman@pasukhas.com.my](mailto:armcchairman@pasukhas.com.my). Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistleblowing Policy formed part of the Board Charter and is available on the Company's website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

#### **2.3 Anti-Bribery and Anti-Corruption Policies**

The Board has in place an Anti-Bribery and Anti-Corruption Policies to incorporate the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" to promote better governance culture and ethical behavior within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on corporate liability for corruption.

The Anti-Bribery and Anti-Corruption Policies formed part of the Board Charter and is available on the Company's website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

### **BOARD COMPOSITION**

#### **3.1 Composition of the Board**

Currently, the Board consists of a total of 7 members, comprising one (1) Independent Non-Executive Chairman, three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Company has complied with the Rule 15.02 of the AMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors.

The Board believes that with the current composition and size of the Board is adequate to discharge its duties and responsibilities efficiently and competently. The Board members have a diverse professional and entrepreneurial background, varied skills and experiences. With the presence of Independent Non-Executive Directors, it provides the necessary checks and balances in the Board's exercise of its functions and independent evaluation of the Board's decision-making process.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### BOARD COMPOSITION (cont'd)

#### 3.2 Tenure of Independent Directors

Independence is important for ensuring objectivity and fairness in Board's decision making. The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years' term, an Independent Director may continue to serve on the Board as an Independent Director subject to shareholder's approval.

In view of this, the Board has undertaken an annual assessment to assess the independency of the independent directors.

Currently, none of the Independent Directors served more than 9 years in the Company.

#### 3.3 Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management and views that the workplace and Board diversity is important to facilitate the decision-making process by harnessing different insights and perspectives.

Appointment of Board and Senior Management of the Company are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Group adheres strictly to the practice of non-discrimination of any form.

The decision on new appointment of Directors' and Senior Management rest with the Board after considering the recommendation of NC. In evaluating the suitability of candidates to the Board, NC will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected. For the appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in AMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("AGM").

#### 3.4 Audit and Risk Management Committee

The members of the ARMC and the activities undertaking by them during the financial year ended 31 December 2020 are set out in the ARMC Report on pages 15 to 17 in this Annual Report.

#### 3.5 Nomination Committee

The present NC consists of three (3) Independent Non-Executive Directors. The members of NC as follows:-

		<u>Attendance</u>
<b>Chairman:</b>	Dato' Nik Ismail Bin Dato' Nik Yusoff <i>(Independent Non-Executive Director)</i> <i>(Appointed w.e.f 26 November 2020)</i>	-
<b>Member:</b>	Norkamaliah Binti Hashim <i>(Independent Non-Executive Director)</i> <i>(Resigned w.e.f 14 September 2020)</i>	2/2
	Yap Chee Keong <i>(Independent Non-Executive Director)</i>	2/2
	Teoh Kim Hooi <i>(Independent Non-Executive Director)</i>	2/2

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### BOARD COMPOSITION (cont'd)

#### 3.5 Nomination Committee (cont'd)

During the financial year ended 31 December 2020, the NC has undertaken the following activities in discharging its duties:-

- (a) Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board;
- (b) Conducted an annual assessment of the Independent Directors and made its recommendation to the Board;
- (c) Reviewed and recommended the re-election of the retiring Directors for Board's approval; and
- (d) Reviewed composition of Board and its Board Committees.

#### 3.6 Remuneration Committee

The present RC consists of three (3) Independent Non-Executive Directors. The members of RC as follows:-

		<u>Attendance</u>
<b>Chairman:</b>	Mejar Dato' Ismail Bin Ahmad <i>(Independent Non-Executive Chairman)</i> <i>(Appointed w.e.f 26 November 2020)</i>	-
<b>Member:</b>	Yap Chee Keong <i>(Independent Non-Executive Director)</i>	1/1
	Teoh Kim Hooi <i>(Independent Non-Executive Director)</i>	1/1
	Norkamaliah Binti Hashim <i>(Independent Non-Executive Director)</i> <i>(Resigned w.e.f 14 September 2020)</i>	1/1

During the financial year ended 31 December 2020, the RC has undertaken the following activities in discharging its duties:-

- (a) Reviewed the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments;
- (b) Reviewed and recommended Directors' fees payable to the Directors of the Group for Board's approval; and
- (c) Reviewed and recommended Directors' benefits payable to the Directors of the Group for the Board's approval.

## OVERALL BOARD EFFECTIVENESS

### 4.1 Annual Evaluation

The NC has established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee, and to review the performance of the Board as a whole. The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### OVERALL BOARD EFFECTIVENESS (cont'd)

#### 4.1 Annual Evaluation (cont'd)

The NC reviews and evaluates the performance of the Board, Board Committees and individual Directors on an annual basis. The annual assessment of individual Directors, Board as a whole and Board Committees which commences with the completion of a set of self-assessment from detailing all assessment criteria to be completed by all Directors for evaluation by NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the goals of the Company, time commitment, and active participation on Board.

Based on the annual assessment conducted during the financial year, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the year ended 31 December 2020, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.

#### 4.2 Board Meetings

During the financial year ended 31 December 2020, five (5) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, the performance of the Group's business, significant investment, business plan and policies and strategies issues affecting the Group's business.

The following is the record of attendance of the Board Members:

	<u>Name of Directors</u>	<u>Attendance</u>	<u>Percentage of Attendance</u>
(a)	Mejar Dato' Ismail Bin Ahmad <i>(Appointed w.e.f 2 September 2020)</i>	1/1	100%
(b)	Wan Thean Hoe	5/5	100%
(c)	Mak Siew Wei <i>(Appointed w.e.f 2 September 2020)</i>	1/1	100%
(d)	Tang Boon Koon <i>(Appointed w.e.f 11 September 2020)</i>	1/1	100%
(e)	Dato' Nik Ismail Bin Dato' Nik Yusoff <i>(Appointed w.e.f 15 September 2020)</i>	1/1	100%
(f)	Yap Chee Keong	5/5	100%
(g)	Teoh Kim Hooi	5/5	100%
(h)	Dato' Sri Teng Ah Kiong <i>(Resigned w.e.f 3 June 2020)</i>	2/2	100%
(i)	Dato' Teng Yoon Kooi <i>(Resigned w.e.f 2 September 2020)</i>	4/4	100%
(j)	Chan Man Chung <i>(Resigned w.e.f 2 September 2020)</i>	3/4	75%
(k)	Norkamaliah Binti Hashim <i>(Resigned w.e.f 14 September 2020)</i>	4/4	100%



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### OVERALL BOARD EFFECTIVENESS (cont'd)

##### 4.2 Board Meetings (cont'd)

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in AMLR. The attendance of all the Directors at the Board meetings showed that the Board is committed to the Company towards fulfilling their roles and responsibilities as Directors of the Company.

##### 4.3 Directors' Training

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge to enable them to discharge their duties effectively. As such, the Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

During the financial year ended 31 December 2020, the Directors have attended the following training, seminars, and conferences which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development:-

Name of Directors	Seminars/Conferences/Training Programmes Attended	Date
Mejar Dato' Ismail Bin Ahmad	Leadership & Managing Organization Change	28 December 2020
Wan Thean Hoe	Positive Work Attitude Leadership & Managing Organization Change	24 - 25 August 2020 28 December 2020
Mak Siew Wei	Leadership & Managing Organization Change	28 December 2020
Tang Boon Koon	Leadership & Managing Organization Change	28 December 2020
Dato' Nik Ismail Bin Dato' Nik Yusoff	Leadership & Managing Organization Change	28 December 2020
Yap Chee Keong	Managing Risk Effectively Amidst Uncertainty Leadership & Managing Organization Change	17 December 2020 28 December 2020
Teoh Kim Hooi	MIA Webinar Series: Modified Auditor's Report Leadership & Managing Organization Change	12 November 2020 28 December 2020

#### REMUNERATION

The Board acknowledges that disclosure of remuneration of the Directors and Senior Management on an individual basis provides transparency and enable the stakeholders to assess whether the remuneration commensurate with their individual performance, taking into consideration of the Company's performance.

##### 5.1 Directors' Remuneration

The detailed breakdown of the Directors' fees and other benefits paid (both Company and Group level) for the financial year ended 31 December 2020, as follows:-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### REMUNERATION (cont'd)

##### 5.1 Directors' Remuneration (cont'd)

###### Company

Directors	Fees (RM)	Salaries (RM)	Allowance (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)
Mejar Dato' Ismail Bin Ahmad <i>(Appointed w.e.f 2 September 2020)</i>	12,000	-	-	-	-
Wan Thean Hoe	25,000	172,923	-	21,460	21,344
Mak Siew Wei <i>(Appointed w.e.f 2 September 2020)</i>	9,000	108,000	-	-	13,628
Tang Boon Koon <i>(Appointed w.e.f 11 September 2020)</i>	8,000	7,333	-	-	1,395
Dato' Nik Ismail Bin Dato' Nik Yusoff <i>(Appointed w.e.f 15 September 2020)</i>	7,500	-	-	-	-
Yap Chee Keong	25,000	-	-	-	-
Teoh Kim Hooi	25,000	-	-	-	-
Dato' Sri Teng Ah Kiong <i>(Resigned w.e.f 3 June 2020)</i>	13,602	67,998	-	-	2,998
Dato' Teng Yoon Kooi <i>(Resigned w.e.f 2 September 2020)</i>	16,000	-	-	-	-
Chan Man Chung <i>(Resigned w.e.f 2 September 2020)</i>	16,134	-	-	-	-
Norkamaliah Binti Hashim <i>(Resigned w.e.f 14 September 2020)</i>	16,934	-	-	-	-
<b>Total</b>	<b>174,170</b>	<b>356,254</b>	<b>-</b>	<b>21,460</b>	<b>39,365</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### REMUNERATION (cont'd)

##### 5.1 Directors' Remuneration (cont'd)

###### Group

Directors	Fees (RM)	Salaries (RM)	Allowance (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)
Mejar Dato' Ismail Bin Ahmad <i>(Appointed w.e.f 2 September 2020)</i>	12,000	-	-	-	-
Wan Thean Hoe	25,000	333,336	93,336	28,180	53,086
Mak Siew Wei <i>(Appointed w.e.f 2 September 2020)</i>	9,000	108,000	-	-	13,628
Tang Boon Koon <i>(Appointed w.e.f 11 September 2020)</i>	19,000	7,333	-	-	1,395
Dato' Nik Ismail Bin Dato' Nik Yusoff <i>(Appointed w.e.f 15 September 2020)</i>	7,500	-	-	-	-
Yap Chee Keong	25,000	-	-	-	-
Teoh Kim Hooi	25,000	-	-	-	-
Dato' Sri Teng Ah Kiong <i>(Resigned w.e.f 3 June 2020)</i>	101,937	67,998	-	-	2,998
Dato' Teng Yoon Kooi <i>(Resigned w.e.f 2 September 2020)</i>	80,844	164,020	26,886	27,486	98,911
Chan Man Chung <i>(Resigned w.e.f 2 September 2020)</i>	69,915	-	-	-	-
Norkamaliah Binti Hashim <i>(Resigned w.e.f 14 September 2020)</i>	16,934	-	-	-	-
<b>Total</b>	<b>392,130</b>	<b>680,687</b>	<b>120,222</b>	<b>55,666</b>	<b>170,018</b>

##### 5.2 Remuneration of Senior Management

The remuneration paid to the Senior Management during the financial year ended 31 December 2020, as follows:-

Range of Remuneration	Number of Senior Management
Below RM100,000	-
RM100,001 – RM300,000	1
RM300,001 – RM500,000	-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### REMUNERATION (cont'd)

#### 5.2 Remuneration of Senior Management (cont'd)

Due to the confidentiality and sensitivity of the remuneration package of senior management as well as security concerns, the Company opts not to disclose the top five Senior Management's remuneration on a named basis.

The Board is of the view that the disclosure on a named basis of the top five (5) Senior Management officers may lead to an invasion of privacy and may expose named officers to an unwarranted attention.

#### 5.3 Remuneration Procedure

The Board recognises that the level and composition of remuneration of Directors and Senior Management should take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

The Board has adopted a Remuneration Policy to determine the remuneration of Directors and Senior Management to be in line with the business strategy and long-term objectives of the Group. The remuneration package of the Executive Directors consists of monthly salary, bonus (if any), fees, benefits-in-kind and Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.

The RC recommends to the Board the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their own individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders during the AGM of the Company.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### AUDIT AND RISK MANAGEMENT COMMITTEE

#### 6.1 Audit and Risk Management Committee

The ARMC comprises of exclusively Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board. The ARMC is fully informed about significant matters related to the Company's audit and its financial statements. The ARMC also reviewed the internal audit programme and invited the internal auditors to the meeting for discussion on the internal audit findings. Besides, such discussion also served as an avenue for the ARMC to appropriately communicate its insights, views and concerns about relevant transactions and events to the internal and external auditors.

The ARMC took note on the Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the ARMC.

The terms of engagement for services provided by the External Auditors are reviewed by the ARMC prior to submission to the Board for approval.

Further details on the work performed by ARMC in furtherance of its oversight role are set out in the ARMC Report on pages 15 to 17 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 7.1 Establishment of Risk Management and Internal Control Framework & Internal Audit Function

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

During the financial year ended 31 December 2020, the Board and ARMC were assisted by the Executive Directors to maintain its risk management system, which is reviewed and continuously updated to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant who reports directly to ARMC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 29 to 31 of this Annual Report which provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

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

### COMMUNICATION WITH STAKEHOLDERS

There is continuous communication between the Company and stakeholders to facilitate a mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

#### 8.1 Effective, Transparent and Regular Communication

The Board recognises the importance of being transparent and accountable to its shareholders and has used various channels of communication to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public.

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through the timely announcement of events, the quarterly announcement of financial results and product information on the Company's website at [www.pasukhasgroup.com](http://www.pasukhasgroup.com).

### CONDUCT OF GENERAL MEETINGS

#### 9.1 Annual General Meeting

The Board has oversight that the General meetings are an important avenue for Board Members to engage with shareholders, allowing the shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

The Board is committed to issue the Company's notice of AGM to the shareholders at least twenty-eight (28) days prior to the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM, wherever possible. The Board encourages shareholders to participate in the questions and answers session and to interact and feedback to the Chairman for opinions or concerns during the AGM. The Chairman and the respective Chairmen of the Board Committees as appropriate will respond to questions raised by the shareholders during the AGM. Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

### COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, AMLR and all applicable laws and regulations throughout the financial year ended 31 December 2020.

This Statement was approved by the Board of Directors of the Company on 19 April 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. This Statement had been prepared in accordance with the Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Statement on Risk Management and Internal Control pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Securities. The Board of Directors ("the Board") of Pasukhas Group Berhad ("the Company") is pleased to provide the following Statement on the state of the Company and its subsidiaries' ("the Group") risk management and internal control.

## BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibility in establishing an efficient and effective sound risk management framework and internal control system, which includes the Board's overall responsibility to maintain and review the adequacy and integrity of the Group's internal control system. In addition, the Board also affirms its overall responsibility to identify principal risks, ensure the implementation of an appropriate control environment and framework to manage risks, and evaluate the operational effectiveness and efficiency of the Group.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

## RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Group has put in place an Enterprise Risk Management Framework which seeks to identify principal risks affecting or likely to affect the Group and help to enable the implementation of appropriate and adequate systems to manage these risks on prioritised basis.

Management and Board meetings were conducted to discuss amongst others, the success and risk factors.

The Group's Enterprise Risk Management Framework ("Framework") serves to inform and provide guidance to Directors, senior management, respective Head of Department and staff in managing risk in the Group. Towards this end, the Framework sets out:

- The fundamentals and principles of risk and risk management that is to be applied in all situations and throughout all level of the organisation;
- The process of identifying, assessing, responding, monitoring and reporting risks and controls;
- The roles and responsibilities of each level of management in the Group; and
- The mechanisms, tools and techniques for managing risk in the Group.

The risk management process is an ongoing process and is applied at the beginning of any major new project or change in operational environment.

During the financial year under review, the Group performed a cycle review of the Enterprise Risk Management Framework for Civil Engineering and Construction Services division. The findings were presented to the Audit and Risk Management Committee ("ARMC").

The effectiveness of the system of Enterprise Risk Management is also reviewed through an on-going management appraisal of the effectiveness of its operations.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT (cont'd)

The Board believes firmly that risk management is essential for continued profitability and to safeguard shareholders' investment. Hence, the Company has a system of risk management and internal control comprising of clear structures, well-understood policies, budgeting and review process. The senior executive management of the Group is responsible for identifying, managing and reporting on significant risks on an on-going basis and has been entrusted to formulate plans and implementation of plans to address risks and control of issues identified. The Management selects appropriate control objectives and procedures from the ISO to mitigate the risks to acceptable residual level.

The Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group. The Board is updated on the operations and activities of the Group which include the strategies and goals and an assessment of its current position and future prospects. All key risks and issues are quarterly reviewed and resolved by the Management team on regular meetings.

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control.

### INTERNAL AUDIT FUNCTION

Pursuant to Rule 15.26(b) of the Listing Requirements, the Board has established an internal audit function which reports directly to the ARMC. The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the ARMC is responsible for the review of the reports on internal control from its internal audit function.

The Group's internal audit function is outsourced to an independent professional firm, namely CAS Consulting Services Sdn. Bhd., which reports directly to the ARMC on an annual basis. Observations from internal audits will be presented to the ARMC together with Management's response and proposed action plans for its review. The action plans will then be followed up during subsequent internal audits with implementation status reported to the ARMC. The Internal Auditors, on an annually basis, reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the key risks identified in the Business Risk Profile.

During the financial year under review, the Internal Audit function performed a cycle of internal audit on Billing and Collection System for Energy Utilities Services and Power Generation division. The findings from the audit were presented to the ARMC. The cost of internal audit services rendered by the Internal Auditor in respective of the financial year ended 31 December 2020 amounted to RM13,500.

During the financial year, the results of any findings and weaknesses noted by the internal audit function, including the recommended corrective actions, were reported directly to the ARMC. Through these mechanisms, the ARMC can be assured that the key risks of the Group are regularly reviewed and appropriately managed to an acceptable level.

The internal audit reports that was tabled to the ARMC for their deliberation on an annual basis include management response and corrective actions taken or to be taken in regards to the specific findings and recommendations. The management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. ARMC presents its findings annually to the Board.

The Board is of the opinion that there were no material losses arising from the review of internal control during the financial year. The ARMC considers report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL ARE AS FOLLOWS:

- A functional organisation that clearly defines the level of authority and responsibilities for managing activities.
- Policies and procedures, updated as necessary, are documented and formalised for compliance purposes.
- Board committees have been established with clear terms of reference to ensure effective management.
- An internal audit service has been outsourced to conduct ongoing audits to assess the effectiveness of internal control and highlighting significant risks impacting the Group.
- Operating results of individual projects are closely monitored by the Management against budget.
- The scheduled and ad hoc meetings are held at all levels to identify, discuss and resolve business and operating issues.
- The Board reviews the operational and financial performance of the Group every quarter.
- Existence of organisational structure with clear responsibilities.
- The ARMC reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues.
- Staff policies: i.e. Employees are briefed on Code of Ethics during induction. They are required to adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct. Formal guidelines are also available to govern staff's termination and resignation.
- Staff performance: i.e. The Employees' Performance Appraisal System is aligned to respective departmental goals.
- Staff training: i.e. The Human Resource Management has arranged and facilitated regular internal and external training programmes for its employees in relation to their respective areas of works.

The system of internal controls described in this Statement is considered by the Board to be adequate and the risks are considered by the Board to be at an acceptable level within the Group's business. However, such system does not eliminate the possibility of human error, collusion and others. The Board is satisfied that for the financial year under review, there is no material control failure or weakness that would have resulted in any material losses and contingencies that would require disclosure in the Annual Report.

### ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of view that the system of risk management and internal control is in place for the period under review and, up to the date of approval of this Statement for inclusion in the Annual Report.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and 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 that 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 to be set out, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 19 April 2021.



## ADDITIONAL COMPLIANCE INFORMATION AND LIST OF PROPERTIES

### AUDIT FEES AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors and firms affiliated to the External Auditors' firms by the Group and the Company for the financial year ended 31 December 2020 are as follows:-

Type of fees	Group (RM'000)	Company (RM'000)
Audit fees	170	47
Non-Audit fees*	18	6
<b>Total</b>	<b>188</b>	<b>53</b>

\*The non-audit services rendered are in respect of the review of Statement on Risk Management and Internal Control and Agreed-Upon Procedures engagements for computation of Gearing Ratio.

### MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Group involving Directors' and major shareholders' interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year, except as disclosed in Notes 44 and 45 of the Audited Financial Statements for the financial year ended 31 December 2020.

### UTILISATION OF PROCEEDS

The Company had on 8 September 2020 proposed to undertake a private placement of up to 81,441,000 new ordinary shares in the Company representing approximately ten percent (10%) of the total issued and paid-up share capital of the Company ("Private Placement") to independent third party investor(s) to be identified.

With the completion of the Private Placement on 18 September 2020, the Company has raised a total proceeds of RM8.169 million, which have been utilised in the following manner:-

Purposes	Purposes Utilisation (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Working capital	8,042	8,042	-	Within 12 months
Expenses for private placement	127	127	-	Immediate
<b>Total</b>	<b>8,169</b>	<b>8,169</b>	<b>-</b>	

In addition, the Company had on 12 October 2020 proposed to undertake a private placement of up to 268,757,000 new ordinary shares in the Company representing approximately thirty percent (30%) of the total issued and paid-up share capital of the Company ("Private Placement") to independent third party investor(s) to be identified.

## ADDITIONAL COMPLIANCE INFORMATION AND LIST OF PROPERTIES (cont'd)

### UTILISATION OF PROCEEDS (cont'd)

With the completion of the Private Placement on 4 December 2020, the Company has raised a total proceeds of RM17.078 million, which have been utilised in the following manner:-

Purposes	Purposes Utilisation (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Repayment of borrowings	1,930	1,930	-	Within 12 months
Development of the Project	14,808	3,328	11,480	Within 24 months
Estimated expenses for the Proposals	340	340	-	Immediate
<b>Total</b>	<b>17,078</b>	<b>5,598</b>	<b>11,480</b>	

### EMPLOYEE SHARE OPTION SCHEME

The Group has established and implemented an Employee Share Option Scheme ("ESOS") of not more than 30% of the issued shares of the Company with effect from 18 December 2020 and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 12 November 2020. The information in relation to the ESOS is as follows:-

(a) Total number of options granted, exercised and outstanding during the financial year under review are as follows:-

Number of options	Grand Total	Directors and Chief Executive
Outstanding as at 1 January 2020	-	-
Granted	349,372,600	-
Exercised	(30,102,600)	-
Lapsed	-	-
Outstanding as at 31 December 2020	319,270,000	-

(b) Percentages of options applicable to Directors and senior management under the ESOS during the financial year and since its commencement up to the financial year ended 31 December 2020 are set out below:-

Directors and senior management	Percentage of options (%)	
	During the financial year	Since commencement up to 31 December 2020
(i) Aggregate maximum allocation	80.00%	80.00%
(ii) Actual options granted	21.21%	21.21%

(c) No options were granted to the Non-Executive Directors under ESOS since its commencement up to the financial year ended 31 December 2020.

## ADDITIONAL COMPLIANCE INFORMATION AND LIST OF PROPERTIES (cont'd)

### LIST OF PROPERTIES

Location	Description / Existing Use	Acquisition Date / Revaluation Date	Tenure / Approximate Age Of Building	Audited Net Book Value As At 31 December 2020 (RM'000)
2-63, Festival Walk @ Ipoh, Jalan Medan Ipoh 1, Medan Ipoh Bistari, 31400 Ipoh, Perak	Completed commercial retail lot measuring in area approximately 10,467 sq. ft.	28 January 2014 / 12 September 2017	99 years leasehold interest expiring on 31 July 2107 / 9 years	4,021
2-63A, Festival Walk @ Ipoh, Jalan Medan Ipoh 1, Medan Ipoh Bistari, 31400 Ipoh, Perak	Completed commercial retail lot measuring in area approximately 11,529 sq. ft.	28 January 2014 / 12 September 2017	99 years leasehold interest expiring on 31 July 2107 / 9 years	4,267
30 Jalan Surian 3, Taman Surian, 71700 Mantin, Negeri Sembilan	Completed double- storey landed house measuring in area approximately 1,302 sq. ft.	26 June 2020	Freehold	413

### RECURRENT RELATED PARTY TRANSACTION(S) ("RRPTs")

The RRPTs of the Group have been entered into the normal course of business. Further details of the RRPTs of a revenue or trading nature conducted during the financial year are disclosed in Note 40 to the Audited Financial Statements for the financial year ended 31 December 2020.

## DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors are required by the Companies Act 2016 ("the Act") and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2020. Where there are new accounting standards or policies that become effective during the period, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a "going concern" basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

The Board acknowledges the importance of embedding sustainability into the operations of the Group in order to fulfil the expectation and requirement of its stakeholders, to provide better understanding on the Group's business approaches in managing economic, environment and social risk and opportunities.

Our Group has recognised and acknowledged the importance of a corporate culture that emphasizes good corporate social responsibility ("CSR") and corporate citizenship. While delivering sustainable and growing stakeholders value through the core business, our Group also contributes and provides for the betterment of the employee welfare, market place and community.

## STAKEHOLDERS' EXPECTATIONS

To ensure the relevancy of sustainability management in the Group, we have established our stakeholders' expectations as follows:

Stakeholder / Interested Party	Engagement Mode	Sustainability Management		
		Environment Interest	Economic Interest	Social Interest
Customers	Regular sales visits, goodwill & appreciation visits and compliance audits.	Alignment to / Compliance with statutory and regulatory requirements pertaining to environment protection.	Product pricing, technical and after sales support.	Alignment to / Compliance with human rights and labour movement, compliance to business integrity.
Employees	Appraisals, open door communication, meetings, appreciation and recreational events.	Alignment to / Compliance with statutory and regulatory requirements pertaining to environment protection.	Financial stability, job stability and career progression.	Safety and health at workplace.
Suppliers, Principals/agencies	Regular visits, correspondences and meeting.	Alignment to / Compliance with statutory and regulatory requirements pertaining to environment protection.	Financial stability, product sales performance and brand awareness.	Compliance to Business integrity.
Government Agencies	Correspondences, audit / inspection, seminar and dialogue sessions.	Alignment to / Compliance with statutory and regulatory requirements pertaining to environment protection.	Regulatory compliance, national labour productivity and investment trend, regulatory compliance.	Occupational safety and health standards and business integrity.
Shareholders & Investors	Annual / Extraordinary General Meetings, analysts' briefing, interviews, company website, annual reports.	Alignment to / Compliance with statutory and regulatory requirements pertaining to environment protection.	Returns on investment, sustainable growth and business results improvement.	Social responsibility improvement.

## ECONOMIC

Our Group, via the Civil Engineering & Construction Services, Mechanical & Electrical Engineering Services and Manufacturing of Low Voltage Switchboards, contributes to employment creation directly (i.e. hiring of employee and purchase of goods and services) and indirectly (i.e. creates jobs or creating greater job opportunity via subcontracting the job to others). Our selection of suppliers/subcontractors takes into consideration of the skills that are required to meet our Group's objective and ensure that their performance is up to standard. The outsourcing of successfully secured projects to local subcontractors has further contributed to the creation of job opportunities within the local community.

# SUSTAINABILITY STATEMENT

## (cont'd)

### ECONOMIC (cont'd)

New government and authorities may implement any policies that can change the social behaviour in business environment. Changes in government policies which have direct impact on tax regime, interest rates as well as regulations can influence the way we do businesses. Nevertheless, the political uncertainty surrounded by the turnover of government officials does not have major impact towards the sustainable development of our Group as we have stringent reviews and approval procedures for each investment placement made.

With the recent change of government in Malaysia after the 15th General Election, we foresee the new government and authorities may implement any policies that can change the social behaviour in business environment. Changes in government policies which have direct impact on tax regime, interest rates as well as regulations can influence the way we do businesses. Nevertheless, the political uncertainty surrounded by the turnover of government officials does not have major impact towards the sustainable development of our Group as we have stringent reviews and approval procedures for each investment placement made.

### ENVIRONMENT

Our Group promotes environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and recycling whenever possible. We have also invested in renewable energy through our investment in Pasukhas Green Assets Sdn. Bhd., which owns a mini hydro power plant that are generating up to 3.2MW of renewable energy per annum. We are presently looking at opportunities to invest into other areas such as waste-to-energy that support our objective to go green. During the financial year, the Group has also reduced waste by communicating to shareholders by way of CD format as compared to printed booklet. The Group believes that this will reduce the usage of the paper and hence creating less waste to the environment. Moving forward, the Group is planning to further enhance this by way of communicating via e-Communication with the shareholders and stakeholders, where possible.

The Group will also continue to seek opportunity to automate its service and production processes for a greater result in the protection of environment.

### WORKPLACE

Our Group believes that human capital development is very important to ensure that we have the right and relevant skill set and knowledge in ensuring business sustainability and growth. As such, we have conducted trainings with emphasis on quality for the staff to improve further their quality of work and workplace. Health and Safety at the workplace is also another area of importance to us. Regular inspections are taken to ensure the Company's equipment and infrastructures are well-maintained. In addition, some employees are covered by Group Personal Accident insurance. Other employee benefits, working hours, overtime and off days are clearly outlined.

### SOCIAL

We encourage our employees to grow with the Group and as such, in order to understand each employee's capability and expectation towards the Group, we conduct a yearly performance review between superiors and employees. Other than yearly performance appraisal, the employees received evaluation for work performed to promote learning and embrace opportunities for career development through informal/verbal feedback from immediate superiors. The Group, through its management personnel, evaluates and assess the employee's working experience, personality, expertise professionalism, specialist knowledge ensure their competency and qualification in the aspect of education experience and skills required meets the Group's expectation.

We strictly adhere to local labour regulations and have implemented national minimum wage law for all employees working in Malaysia. Remuneration packages offered to employees are strictly based on their position and allocation of job scope, irrespective of gender.

## SUSTAINABILITY STATEMENT (cont'd)

### SOCIAL (cont'd)

In supporting the sustainability management in the aspect of social interest, the Group has completed the following projects and initiatives during the financial year:

- Practised no child labour, no forced labour, no discrimination, fair labour practices and human rights within the Group. This move has officialised the Group's stand in aligning with the international labour movements.
- Establishment of Whistleblowing Policy for the Group which provides an avenue and proper channel for stakeholders to voice legitimate concerns. This move echoes the Group's aspiration to conduct its business and operation with high integrity and transparency.
- Constructed covered parking and walkway which improves employees' safety and welfare.

The Group commits that for the coming years, focus would be given on strengthening and enhancing the safety and health matters as well as consistently training and developing its employees on skills and knowledge to meet the changing requirements of the business and operations.

### CONCLUSION

The Group is of view that it has taken reasonable steps in addressing sustainability issues in the financial year. Moving forward, the Group will improve its sustainability efforts.



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## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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	The Company RM
Loss after taxation for the financial year	<u>(42,112,729)</u>	<u>(5,985,732)</u>
Attributable to:-		
Owners of the Company	(38,970,441)	(5,985,732)
Non-controlling interests	<u>(3,142,288)</u>	<u>-</u>
	<u>(42,112,729)</u>	<u>(5,985,732)</u>

### DIVIDENDS

No dividend was recommended by the directors for the 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) the Company increased its issued and paid-up share capital from RM89,922,183 to RM115,168,276 by an issuance of 350,198,000 new ordinary shares for a cash consideration of RM25,246,093 through Private Placement.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

### 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 except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

## DIRECTORS' REPORT

### EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders at the Extraordinary General Meeting held on 12 November 2020. The ESOS is to be in force for a period of 5 years effective from 18 December 2020.

The details of the ESOS are disclosed in Note 23 to the financial statements.

### 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 value 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.

### 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 12 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.

## DIRECTORS' REPORT

### 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:-

Wan Thean Hoe  
Teoh Kim Hooi  
Yap Chee Keong  
Mak Siew Wei (Appointed on 2.9.2020)  
Mejar Dato' Ismail Bin Ahmad (Appointed on 2.9.2020)  
Tang Boon Koon (Appointed on 11.9.2020)  
Dato' Nik Ismail Bin Dato' Nik Yusoff (Appointed on 15.9.2020)  
Dato' Sri Teng Ah Kiong (Resigned on 3.6.2020)  
Chan Man Chung (Resigned on 2.9.2020)  
Dato' Teng Yoon Kooi (Resigned on 2.9.2020)  
Norkamaliah Binti Hashim (Resigned on 14.9.2020)

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 as follows:-

Lim Ee Vone  
Ng Kim Keong  
Azimy Bin Mohamed  
Nazaithul Akmar Binti Mukhtar  
Wee Hiang Chyn (Resigned on 4.12.2020)  
Tang Chee Wai (Resigned on 4.12.2020)

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of 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 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<i>Direct Interests</i>				
Teoh Kim Hooi	3,000,000	-	-	3,000,000
<i>Indirect Interests</i>				
Wan Thean Hoe	202,019,000	-	202,019,000	-

The other directors holding office at the end of the financial year had no interest in the 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 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 40 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangement 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 of the Company during the financial year are disclosed in Note 39 to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or 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 44 to the financial statements.

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## DIRECTORS' REPORT

### SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 45 to the financial statements.

### AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 34 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 April 2021.

Wan Thean Hoe

Mak Siew Wei

## STATEMENT BY DIRECTORS

### STATEMENT BY DIRECTORS PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016

We, Wan Thean Hoe and Mak Siew Wei, being two of the directors of Pasukhas Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 141 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 19 April 2021.

Wan Thean Hoe

Mak Siew Wei

## STATUTORY DECLARATION

### STATUTORY DECLARATION PURSUANT TO SECTION 251 (1)(b) OF THE COMPANIES ACT 2016

I, Wan Thean Hoe, MIA Membership Number: 14817, being the director primarily responsible for the financial management of Pasukhas Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 141 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  
Wan Thean Hoe, NRIC Number: 691027-02-5263  
at Kuala Lumpur  
in the Federal Territory  
on this 19 April 2021.

Wan Thean Hoe

Before me

Datin Hajah Raihela Wanchik  
W275  
*Commissioner for Oaths*

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Pasukhas Group 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 51 to 141.

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD (CONT'D)

### 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Allowance for impairment of receivables (Refer to Notes 14 and 15 to the financial statements)</u></p> <p>The Group carries significant receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"><li>• Obtained an understanding of:-<ul style="list-style-type: none"><li>• the Group's control over the receivable collection process;</li><li>• how the Group identifies and assesses the impairment of receivables; and</li><li>• how the Group makes the accounting estimates for impairment.</li></ul></li><li>• Reviewed the ageing analysis of receivables and testing the reliability thereof;</li><li>• Reviewed subsequent cash collections for major receivables and overdue amounts;</li><li>• Made inquiries of management regarding the action plans to recover overdue amounts;</li><li>• Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection;</li><li>• Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and</li><li>• Evaluating the reasonableness and adequacy of the allowance for impairment recognised.</li></ul>



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD (CONT'D)

### Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Revenue Recognition for Construction Contracts (Refer to Note 32 to the financial statements)</u></p> <p>Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue 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>• Test 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;</li> <li>• Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and</li> <li>• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.</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.

### Responsibilities of the Directors for the Financial Statements

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD (CONT'D)

### 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.
- 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, actions taken to eliminate threats or safeguards applied.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASUKHAS GROUP BERHAD (CONT'D)

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

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

19 April 2021

**Chin Kit Seong**  
03030/01/2023 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	–	–	30,289,652	30,309,204
Plant and equipment	6	25,475,935	27,473,890	139,015	123
Investment properties	7	8,701,353	8,424,110	–	–
Right-of-use assets	8	1,247,887	2,688,280	–	–
Goodwill	9	–	–	–	–
Deferred tax assets	10	1,654,700	1,654,700	–	–
Other investments	11	54,250	54,250	–	–
		<u>37,134,125</u>	<u>40,295,230</u>	<u>30,428,667</u>	<u>30,309,327</u>
<b>CURRENT ASSETS</b>					
Inventories	12	405,851	565,134	–	–
Contract assets	13	8,041,622	24,474,724	–	–
Trade receivables	14	20,022,548	19,814,736	–	–
Other receivables, deposits and prepayments	15	32,571,538	46,666,173	123,149	1,000
Amount owing by subsidiaries	16	–	–	65,460,471	59,757,008
Current tax assets		247,764	216,744	–	–
Short-term investments	17	8,013,484	–	8,013,484	–
Deposits with licensed banks	18	2,428,500	9,250,317	–	–
Cash and bank balances		7,422,996	2,872,660	3,732,820	224,265
		<u>79,154,303</u>	<u>103,860,488</u>	<u>77,329,924</u>	<u>59,982,273</u>
<b>TOTAL ASSETS</b>		<u>116,288,428</u>	<u>144,155,718</u>	<u>107,758,591</u>	<u>90,291,600</u>

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

## STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	19	117,501,228	89,922,183	117,501,228	89,922,183
Merger deficit	20	(10,500,000)	(10,500,000)	-	-
Fair value reserve	21	17,000	17,000	-	-
Foreign exchange translation reserve	22	(967)	(532)	-	-
Employee share option reserve	23	4,129,256	-	4,129,256	-
Accumulated losses		(54,921,538)	(15,951,097)	(14,459,971)	(8,474,239)
Equity attributable to owners of the Company		56,224,979	63,487,554	107,170,513	81,447,944
Non-controlling interests	5	1,798,841	4,941,129	-	-
<b>TOTAL EQUITY</b>		<b>58,023,820</b>	<b>68,428,683</b>	<b>107,170,513</b>	<b>81,447,944</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	24	693,036	1,545,664	-	-
Islamic Medium Term Notes	25	13,770,513	14,968,724	-	-
Deferred tax liabilities	10	1,080,725	1,135,707	-	-
		15,544,274	17,650,095	-	-
<b>CURRENT LIABILITIES</b>					
Contract liabilities	13	1,114,379	686,447	-	-
Trade payables	26	17,731,837	20,813,672	-	-
Other payables and accruals	27	18,279,638	5,751,521	402,233	179,218
Amount owing to a subsidiary	16	-	-	185,845	8,664,438
Amount owing to directors	28	-	492,200	-	-
Amount owing to shareholders	29	-	2,938,300	-	-
Short-term borrowings	30	2,238,174	7,742,142	-	-
Bank overdrafts	31	3,356,306	19,652,658	-	-
		42,720,334	58,076,940	588,078	8,843,656
<b>TOTAL LIABILITIES</b>		<b>58,264,608</b>	<b>75,727,035</b>	<b>588,078</b>	<b>8,843,656</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>116,288,428</b>	<b>144,155,718</b>	<b>107,758,591</b>	<b>90,291,600</b>

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	2019 RM	2020 RM	2019 RM
REVENUE	32	10,860,356	29,087,353	-	-
COST OF SALES		(7,678,568)	(23,217,147)	-	-
GROSS PROFIT		3,181,788	5,870,206	-	-
OTHER INCOME		1,425,693	7,326,629	567,765	632,475
		4,607,481	13,196,835	567,765	632,475
ADMINISTRATIVE EXPENSES		(13,577,071)	(9,892,681)	(6,041,718)	(1,695,496)
OTHER EXPENSES		(3,470,723)	(7,230,832)	(2,158)	(51)
FINANCE COSTS		(2,246,736)	(3,287,051)	(490,069)	(553,596)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	33	(27,471,228)	(4,087,443)	(19,552)	-
LOSS BEFORE TAXATION	34	(42,158,277)	(11,301,172)	(5,985,732)	(1,616,668)
INCOME TAX EXPENSE	35	45,548	152,355	-	-
LOSS AFTER TAXATION		(42,112,729)	(11,148,817)	(5,985,732)	(1,616,668)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(42,112,729)	(11,148,817)	(5,985,732)	(1,616,668)

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 (CONT'D)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>LOSS AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		(38,970,441)	(10,917,692)	(5,985,732)	(1,616,668)
Non-controlling interests		(3,142,288)	(231,125)	-	-
		<u>(42,112,729)</u>	<u>(11,148,817)</u>	<u>(5,985,732)</u>	<u>(1,616,668)</u>
<b>TOTAL COMPREHENSIVE</b>					
<b>EXPENSES ATTRIBUTABLE TO:-</b>					
Owners of the Company		(38,970,441)	(10,917,692)	(5,985,732)	(1,616,668)
Non-controlling interests		(3,142,288)	(231,125)	-	-
		<u>(42,112,729)</u>	<u>(11,148,817)</u>	<u>(5,985,732)</u>	<u>(1,616,668)</u>
<b>LOSS PER SHARE (SEN)</b>	36				
Basic		(4.51)	(1.34)		
Diluted		<u>(4.51)</u>	<u>(1.34)</u>		

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			Total Equity RM	
	Share Capital RM	Merger Deficit RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM		Non- controlling Interests RM
<b>The Group</b>								
Balance at 1.1.2019	89,782,847	(10,500,000)	17,000	(542)	(5,033,405)	74,265,900	5,172,254	79,438,154
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(10,917,692)	(10,917,692)	(231,125)	(11,148,817)
Contributions by and distributions to owners of the Company:								
- Issuance of Special Issue shares	139,336	-	-	-	-	139,336	-	139,336
- Foreign exchange translation differences	-	-	-	10	-	10	-	10
	139,336	-	-	10	-	139,346	-	139,346
Balance at 31.12.2019	89,922,183	(10,500,000)	17,000	(532)	(15,951,097)	63,487,554	4,941,129	68,428,683

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



## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	Non-Distributable					Distributable				Total Equity RM	
		Share Capital RM	Merger Deficit RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Employee Share Option Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-controlling Interests RM			
<b>The Group</b>												
Balance at 31.12.2019/ 1.1.2020		89,922,183	(10,500,000)	17,000	(532)	-	(15,951,097)	63,487,554	4,941,129			68,428,683
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	-	(38,970,441)	(38,970,441)	(3,142,288)			(42,112,729)
Contributions by and distributions to owners of the Company:												
- Private Placement	19	25,246,093	-	-	-	-	-	25,246,093	-			25,246,093
- Recognition of share option expenses		-	-	-	-	4,129,256	-	4,129,256	-			4,129,256
- Share application monies	19	2,332,952	-	-	-	-	-	2,332,952	-			2,332,952
- Foreign exchange translation differences		-	-	-	(435)	-	-	(435)	-			(435)
		27,579,045	-	-	(435)	4,129,256	-	31,707,866	-			31,707,866
Balance at 31.12.2020		117,501,228	(10,500,000)	17,000	(967)	4,129,256	(54,921,538)	56,224,979	1,798,841			58,023,820

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

The Group	Note	Share Capital RM	Employee Share Option Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1.1.2019		89,782,847	-	(6,857,571)	82,925,276
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(1,616,668)	(1,616,668)
Contributions by and distributions to owners of the Company:					
- Issuance of Special Issue shares	19	139,336	-	-	139,336
Balance at 31.12.2019/1.1.2020		89,922,183	-	(8,474,239)	81,447,944
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(5,985,732)	(5,985,732)
Contributions by and distributions to owners of the Company:					
- Private Placement	19	25,246,093	-	-	25,246,093
- Recognition of share option expenses		-	4,129,256	-	4,129,256
- Share application monies	19	2,332,952	-	-	2,332,952
Balance at 31.12.2020		117,501,228	4,129,256	(14,459,971)	107,170,513

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	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Loss before taxation	(42,158,277)	(11,301,172)	(5,985,732)	(1,616,668)
Adjustments for:-				
Amortisation of transaction costs capitalised	101,789	84,824	-	-
Bad debts written off	432,739	5,043,450	-	-
Contract assets written off	1,654,954	-	-	-
Deposit written off	616,180	11,440	-	-
Depreciation:				
- plant and equipment	2,293,561	2,123,640	1,480	40
- right-of-use assets	899,894	906,192	-	-
- investment properties	212,562	277,221	-	-
Impairment loss:				
- investment in a subsidiary	-	-	19,552	-
- investment properties	-	56,088	-	-
- contract assets	7,214,682	1,777,000	-	-
- trade receivables	109,038	2,308,059	-	-
- other investment	-	50,000	-	-
- other receivables	20,147,508	-	-	-
Interest expense	2,186,650	2,702,535	490,069	553,596
Inventories written down	-	86,936	-	-
Loss on disposal of investment properties	613,710	-	-	-
Share options to employees	4,129,256	-	4,129,256	-
Plant and equipment written off	54,080	-	-	-
Gain on:				
- disposal of a subsidiary	-	(5,605,222)	-	-
- disposal of plant and equipment	(2,000)	-	-	-
- derecognition due to lease termination	(88,862)	-	-	-
Interest income	(224,275)	(270,506)	(567,080)	(631,553)
Reversal of impairment loss:				
- contract assets	-	(40,094)	-	-
- trade receivables	-	(7,522)	-	-
- investment properties	(56,088)	-	-	-
Unrealised (gain)/loss on foreign exchange	(8,215)	189,188	678	11
Operating loss before working capital changes carried forward	<u>(1,871,114)</u>	<u>(1,607,943)</u>	<u>(1,911,777)</u>	<u>(1,694,574)</u>

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

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Operating loss before working capital changes brought forward		(1,871,114)	(1,607,943)	(1,911,777)	(1,694,574)
Decrease in inventories		159,283	343,845	-	-
Net decrease in contract assets		7,991,398	7,702,177	-	-
(Increase)/Decrease in trade and other receivables		(9,611,212)	9,686,862	(122,149)	664
Increase/(Decrease) in trade and other payables		7,160,925	(18,770,191)	223,015	(33,763)
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		<b>3,829,280</b>	<b>(2,645,250)</b>	<b>(1,810,911)</b>	<b>(1,727,673)</b>
Interest paid		(2,186,650)	(2,702,535)	(490,069)	(553,596)
Income tax paid		(40,454)	(216,744)	-	-
Income tax refunded		-	808,589	-	600
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>1,602,176</b>	<b>(4,755,940)</b>	<b>(2,300,980)</b>	<b>(2,280,669)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
(Advances to)/Repayment from subsidiaries		-	-	(5,703,463)	346,968
Interest received		224,275	270,506	567,080	631,553
Disposal of a subsidiary, net of cash disposed of	37(c)	-	5,699,000	-	-
Withdrawal/(Placement) of fixed deposits pledged and/or with maturity period more than 3 months		8,821,817	(21,936)	-	-
Proceeds from disposal of plant and equipment		2,000	-	-	-
Purchase of plant and equipment		(349,685)	(5,266,591)	(140,372)	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>8,698,406</b>	<b>680,979</b>	<b>(5,276,755)</b>	<b>978,521</b>

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

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
(Repayment to)/Advances from a subsidiary		-	-	(8,478,593)	1,139,712
Proceeds from:					
- issuance of shares		25,246,093	139,336	25,246,093	139,336
- exercise of employees' share options		2,332,952	-	2,332,952	-
Net repayment of bankers' acceptances	38(a)	(1,831,000)	(3,775,000)	-	-
Repayment of revolving credits	38(a)	(3,000,000)	-	-	-
Repayment of lease liabilities	38(a)	(996,235)	(1,005,030)	-	-
Net (repayment)/drawdown of Islamic Medium Term Notes	38(a)	(1,200,000)	15,982,111	-	-
Net repayment of term loan	38(a)	-	(11,616,564)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		20,551,810	(275,147)	19,100,452	1,279,048
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		30,852,392	(4,350,108)	11,522,717	(23,100)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		7,780	(46,767)	(678)	(11)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(16,351,498)	(11,954,623)	224,265	247,376
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38(c)	14,508,674	(16,351,498)	11,746,304	224,265

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 limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor Darul Ehsan.

Principal place of business : DF2-11-01, Level 11, Persolf Tower  
6B, Persiaran Tropicana,  
Tropicana Golf & Country Resort,  
47410 Petaling Jaya,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 April 2021.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

- 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  
 Amendment to MFRS 16: Covid-19-Related Rent Concessions  
 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.

- 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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments 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

## 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 (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)	Effective Date
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

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

##### *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) Impairment of Plant and Equipment

The Group determines whether an item of its 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 which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of plant and equipment as at the reporting date is disclosed in Note 6 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)

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

##### **(b) 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 12 to the financial statements.

##### **(c) 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 the 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 values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 13 and 14 to the financial statements respectively.

##### **(d) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables as at the reporting date are disclosed in Note 15 to the financial statements.

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

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction 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 amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 13 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)

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

##### (f) Carrying Value of Investments in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries. The carrying amount of investments in subsidiaries as at the reporting date is disclosed in Note 5 to the financial statements.

##### *Critical Judgements 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) Lease Terms

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

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

##### (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.

## 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)

##### *Critical Judgements Made in Applying Accounting Policies (Cont'd)*

##### (c) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

#### 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 (2019 - MFRS 139) 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)

#### 4.4 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.

##### (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.

##### (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.

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 associates that includes a foreign operation while retaining significant influence or joint control, or 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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 instruments 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 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.

##### *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.

## 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 (Cont'd)*

##### (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.

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 (excluding interest expense) 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).

## 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

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

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.

##### (d) 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.

##### (e) 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.

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 Group, 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

##### 4.7 PLANT AND EQUIPMENT

All items of 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 plant and equipment are stated at cost less accumulated depreciation and 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 plant and equipment are recognised in profit or loss as incurred. Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

Air conditioners	10%
Cables	over the remaining project duration less residual value
Computer and software	40%
Mini hydro power plant	remaining leasehold period
Motor vehicles	20%
Office equipment, furniture and fittings	10%
Plant and machinery	10%
Renovation	10%
Signboard	10%

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for 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 plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of 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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset 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 right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other rights-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 a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties is 50 years.

Freehold land 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.

#### 4.9 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 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.

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 plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 4.9 LEASES (CONT'D)

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.

#### 4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

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

#### 4.11 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.

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.

#### 4.12 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 3 months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.13 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.

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).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 4.13 IMPAIRMENT (CONT'D)

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

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 months 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 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 assessments 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 unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of 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, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 4.14 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 4.15 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss 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 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.

##### (c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

#### 4.16 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).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

##### 4.16 INCOME TAXES (CONT'D)

###### (b) Deferred Tax

Deferred tax are 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.

##### 4.17 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.

##### 4.18 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)

#### 4.19 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 and 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 for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

#### 4.20 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### 4.21 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 share-based payment.

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 assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; 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.

#### 4.22 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 4.22 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

The Group transfers control of a good or service at a point in time unless one of the following 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 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) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. 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.

#### 4.23 OTHER OPERATING INCOME

##### (a) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

##### (b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (c) 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

### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost:		
- in Malaysia	34,743,898	34,743,898
- outside Malaysia	25,070	25,070
	34,768,968	34,768,968
Accumulated impairment losses	(4,479,316)	(4,459,764)
	30,289,652	30,309,204

The detail of the subsidiaries are as follow:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held By Parent		Principal Activities
		2020	2019	
<i>Subsidiaries of the Company</i>				
Pasukhas Sdn. Bhd. ("PSB")	Malaysia	100%	100%	1) Designing, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries.  2) Civil engineering and construction business.
Pasukhas Products Sdn. Bhd. ("PPSB")	Malaysia	100%	100%	General trading.
Pasukhas Energy Sdn. Bhd. ("PESB")	Malaysia	100%	100%	Investment holding.
Pasukhas Development Sdn. Bhd. ("PDSB")	Malaysia	100%	100%	Dormant.
Pasukhas Properties 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)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held By Parent		Principal Activities
		2020	2019	
<i>Subsidiaries of the Company (Cont'd)</i>				
Pasukhas Lanka (Pvt) Ltd*	Sri Lanka	100%	100%	Dormant.
Pasukhas Construction Sdn. Bhd. ("PCSB")	Malaysia	70%	70%	General contractor.
<i>Subsidiary of PESB</i>				
Pasukhas Green Assets Sdn. Bhd. ("PGASB")	Malaysia	100%	100%	Dormant.
<i>Subsidiary of PGASB</i>				
I.S. Energy Sdn. Bhd. ("ISE")	Malaysia	100%	100%	Design, build and manage mini hydro power plant and other related works.
<i>Subsidiary of PSB</i>				
Essential Value Sdn. Bhd. ("EVSB")	Malaysia	55%	55%	Property investment and mechanical and electrical engineering business.
<i>Subsidiary of Pasukhas Properties Sdn. Bhd.</i>				
Midtown Pearl Sdn. Bhd. ("MPSB")	Malaysia	100%	100%	Dormant.

\* This subsidiary was audited by other firm of chartered accountant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM19,552 (2019 - Nil), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.
- (b) In the previous financial year, the Group undertook an internal restructuring through a transfer of four million ordinary shares representing the entire share capital of ISE from PESB to PGASB for a total cash consideration of RM1,000,000 ("Internal Restructuring"). Consequent to the Internal Restructuring, ISE became a 100% direct-owned subsidiary of PGASB and a third-tier subsidiary of the Company.

The internal restructuring has no effect on the financial results and financial position of the Group in the previous financial year.

- (c) In the previous financial year, PSB disposed of 100% equity interests in Pasukhas Cherating Sdn. Bhd. for a total cash consideration of RM5,700,000.

The details of the disposal are disclosed in Note 37 to the financial statements.

- (d) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM	2019 RM
PCSB	30	30	1,189,591	4,173,210
EVSB	45	45	609,250	767,919
			1,798,841	4,941,129

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) 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:-

	PCSB	
	2020 RM	2019 RM
<u>At 31 December</u>		
Non-current assets	1,757,539	1,832,202
Current assets	19,590,428	35,838,245
Non-current liabilities	-	(90,899)
Current liabilities	(17,382,671)	(23,668,854)
Net assets	<u>3,965,296</u>	<u>13,910,694</u>
<u>Financial Year Ended 31 December</u>		
Revenue	998,252	20,094,591
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial year	<u>(9,945,398)</u>	<u>253,579</u>
Net cash from operating activities	852,583	1,072,011
Net cash from investing activities	1,960,290	118,996
Net cash for financing activities	<u>(901,938)</u>	<u>(966,099)</u>
	EVSB	
	2020 RM	2019 RM
<u>At 31 December</u>		
Non-current assets	8,288,283	8,424,110
Current assets	617,815	2,119,137
Non-current liabilities	(565,028)	(577,968)
Current liabilities	(6,987,183)	(8,258,795)
Net assets	<u>1,353,887</u>	<u>1,706,484</u>
<u>Financial Year Ended 31 December</u>		
Revenue	-	-
Loss after taxation/Total comprehensive expenses for the financial year	<u>(352,597)</u>	<u>(682,669)</u>
Net cash for operating activities	(1,401,479)	(447,895)
Net cash for investing activities	-	(1,957,367)
Net cash from financing activities	<u>1,441,344</u>	<u>208</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 6. PLANT AND EQUIPMENT

The Group	At 1.1.2020 RM	Additions RM	Write off RM	Depreciation Charges RM	At 31.12.2020 RM
<b>2020</b>					
Carrying Amount					
Air conditioners	26,238	2,985	(7,770)	(4,390)	17,063
Computer and software	1,364	10,808	-	(1,724)	10,448
Capital work-in-progress	266,643	207,315	-	-	473,958
Mini hydro power plant	24,970,050	-	-	(1,882,031)	23,088,019
Motor vehicles	2,385	-	-	(893)	1,492
Office equipment, furniture and fittings	260,270	42,558	(12,385)	(62,012)	228,431
Plant and machinery	1,907,012	-	(2,115)	(333,676)	1,571,221
Renovation	39,193	86,020	(31,539)	(8,371)	85,303
Signboard	735	-	(271)	(464)	-
<b>Total</b>	<b>27,473,890</b>	<b>349,686</b>	<b>(54,080)</b>	<b>(2,293,561)</b>	<b>25,475,935</b>

The Group	At 1.1.2019 RM	Additions RM	Disposal of A Subsidiary (Note 37(b)) RM	Depreciation Charges RM	At 31.12.2019 RM
<b>2019</b>					
Carrying Amount					
Air conditioners	30,601	-	-	(4,363)	26,238
Computer and software	4,668	-	-	(3,304)	1,364
Capital work-in-progress	-	266,643	-	-	266,643
Land	-	4,972,930	(4,972,930)	-	-
Mini hydro power plant	26,852,079	-	-	(1,882,029)	24,970,050
Motor vehicles	3,277	-	-	(892)	2,385
Office equipment, furniture and fittings	317,677	8,000	-	(65,407)	260,270
Plant and machinery	2,043,798	19,018	-	(155,804)	1,907,012
Renovation	50,569	-	-	(11,376)	39,193
Signboard	1,200	-	-	(465)	735
<b>Total</b>	<b>29,303,869</b>	<b>5,266,591</b>	<b>(4,972,930)</b>	<b>(2,123,640)</b>	<b>27,473,890</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 6. PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2020</b>			
Air conditioners	28,235	(11,172)	17,063
Computer and software	19,292	(8,844)	10,448
Capital work-in-progress	473,958	-	473,958
Mini hydro power plant	29,900,000	(6,811,981)	23,088,019
Motor vehicles	410,927	(409,435)	1,492
Office equipment, furniture and fittings	582,955	(354,524)	228,431
Plant and machinery	2,996,695	(1,425,474)	1,571,221
Renovation	86,020	(717)	85,303
<b>Total</b>	<b>34,498,082</b>	<b>(9,022,147)</b>	<b>25,475,935</b>
<b>2019</b>			
Air conditioners	43,652	(17,414)	26,238
Computer and software	8,484	(7,120)	1,364
Capital work-in-progress	266,643	-	266,643
Mini hydro power plant	29,900,000	(4,929,950)	24,970,050
Motor vehicles	410,927	(408,542)	2,385
Office equipment, furniture and fittings	1,661,428	(1,401,158)	260,270
Plant and machinery	4,022,179	(2,115,167)	1,907,012
Renovation	113,747	(74,554)	39,193
Signboard	4,644	(3,909)	735
<b>Total</b>	<b>36,431,704</b>	<b>(8,957,814)</b>	<b>27,473,890</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 6. PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2020 RM	Additions RM	Depreciation Charges RM	At 31.12.2020 RM
<b>2020</b>				
Carrying Amount				
Air conditioners	-	2,985	(25)	2,960
Computer and software	-	10,808	(360)	10,448
Office equipment, furniture and fittings	123	40,559	(378)	40,304
Renovation	-	86,020	(717)	85,303
<b>Total</b>	<b>123</b>	<b>140,372</b>	<b>(1,480)</b>	<b>139,015</b>

2019	At 1.1.2019 RM	Depreciation Charge RM	At 31.12.2019 RM
Carrying Amount			
Office equipment, furniture and fittings	163	(40)	123

2020	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Air conditioners	2,985	(25)	2,960
Computer and software	10,808	(360)	10,448
Office equipment, furniture and fittings	40,958	(654)	40,304
Renovation	86,020	(717)	85,303
<b>Total</b>	<b>140,771</b>	<b>(1,756)</b>	<b>139,015</b>

<b>2019</b>			
Office equipment, furniture and fittings	399	(276)	123

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 6. PLANT AND EQUIPMENT (CONT'D)

- (a) Certain assets have been charged to a financial institution for Islamic Medium Term Notes granted to the Group as disclosed in Note 25 to the financial statements as follows:-

	The Group	
	2020 RM	2019 RM
Computer and software	–	116
Capital work-in-progress	473,958	266,643
Mini hydro power plant	23,088,019	24,970,050
Office equipment, furniture and fittings	17,623	20,278
Plant and machinery	107,995	110,314
	23,687,595	25,367,401

- (b) The mini hydro power plant is depreciated over the leasehold period of 21 years.

### 7. INVESTMENT PROPERTIES

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 January	8,871,912	8,928,000
Additions	2,192,570	–
Allowance for impairment loss	–	(56,088)
Reversal of impairment loss	56,088	–
Disposals	(1,779,500)	–
At 31 December	9,341,070	8,871,912
Accumulated depreciation:-		
At 1 January	(447,802)	(170,581)
Depreciation during the financial year	(212,562)	(277,221)
Disposals	20,647	–
At 31 December	(639,717)	(447,802)
	8,701,353	8,424,110



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 7. INVESTMENT PROPERTIES (CONT'D)

	The Group	
	2020 RM	2019 RM
Represented by:-		
Freehold land	83,000	-
Leasehold commercial buildings	8,288,283	8,424,110
Freehold residential building	330,070	-
	8,701,353	8,424,110
Fair value	8,958,310	8,424,110

- (a) The leasehold commercial buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 31 to the financial statements.
- (b) The fair value of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

### 8. RIGHT-OF-USE ASSETS

	At 1.1.2020 RM	Derecognition Due to Lease Termination RM	Depreciation Charges RM	At 31.12.2020 RM
<b>The Group</b>				
<b>2020</b>				
Carrying Amount				
Office building	1,261,164	(540,499)	(720,665)	-
Right-to-use the water of Sungai Rek	727,259	-	(55,943)	671,316
Motor vehicles	77,357	-	(33,286)	44,071
Machinery	622,500	-	(90,000)	532,500
	2,688,280	(540,499)	(899,894)	1,247,887

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8. RIGHT-OF-USE ASSETS (CONT'D)

The Group	At 1.1.2019 RM	Depreciation Charges RM	At 31.12.2019 RM
2019			
Carrying Amount			
Office building	1,981,830	(720,666)	1,261,164
Right-to-use the water of Sungai Rek	783,202	(55,943)	727,259
Motor vehicles	116,940	(39,583)	77,357
Machinery	712,500	(90,000)	622,500
	3,594,472	(906,192)	2,688,280
		<b>The Group</b>	
		<b>2020</b>	<b>2019</b>
		RM	RM
Analysed by:-			
Cost		2,195,690	5,203,945
Accumulated depreciation		(947,803)	(2,515,665)
		1,247,887	2,688,280

(a) The Group leases an office building, machinery, motor vehicles and a right-to-use the water of Sungai Rek of which the leasing activities are summarised below:-

- (i) Office building      The Group has entered into two Non-cancellable Operating Lease Agreement for the use of an office building. The leases do not allow the Group to assign, transfer or create any charge, lien or trust in respect of or dispose of the whole or any part of the office lot. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Right-to-use the water of Sungai Rek      The Group has entered into a Cancellable Agreement with The State Government of Kelantan Darul Naim for the use of the water of Sungai Rek to operate hydro power plant for a period of 21 years with renewal option included in the agreement.
- (iii) Motor Vehicles      The Group has leased its motor vehicles under hire purchase arrangements. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (iv) Machinery      The Group has leased a machinery under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8. RIGHT-OF-USE ASSETS (CONT'D)

- (b) The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in circumstances within its control. During the financial year, the financial effect of revising the lease terms to reflect the effect of exercising the termination option was a decrease in recognised lease liabilities and right-of-use assets of RM629,361 and RM540,499 respectively (2019 - Nil).

### 9. GOODWILL

	The Group	
	2020 RM	2019 RM
Cost	3,099,691	3,099,691
Accumulated impairment losses	<u>(3,099,691)</u>	<u>(3,099,691)</u>
	<u>-</u>	<u>-</u>

### 10. DEFERRED TAX ASSETS

	The Group	
	2020 RM	2019 RM
At 1 January	518,993	366,638
Recognised in profit or loss (Note 35)	<u>54,982</u>	<u>152,355</u>
At 31 December	<u>573,975</u>	<u>518,993</u>

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before offsetting are as follows:-

	The Group	
	2020 RM	2019 RM
Deferred tax assets:-		
Unutilised tax losses	1,965,825	1,965,825
Provisions	<u>133,517</u>	<u>133,517</u>
	<u>2,099,342</u>	<u>2,099,342</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. DEFERRED TAX ASSETS (CONT'D)

	The Group	
	2020 RM	2019 RM
Deferred tax liabilities:-		
Accelerated capital allowances on qualifying plant and equipment	(444,642)	(444,642)
Revaluation of properties	(1,080,725)	(1,135,707)
	(1,525,367)	(1,580,349)
	573,975	518,993
No deferred tax assets/(liability) are recognised on the following items:-		
Deferred tax assets:-		
Unutilised tax losses	28,356,000	22,296,000
Unabsorbed capital allowances	5,787,000	9,140,000
Provisions	5,464,000	5,268,000
	39,607,000	36,704,000
Deferred tax liability:-		
Accelerated capital allowances on qualifying plant and equipment	(11,317,000)	(12,240,000)
	28,290,000	24,464,000

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits of the subsidiaries will be available against which the Group can utilise these benefits.

As at 31 December 2020, subject to agreement with the Inland Revenue Board, the Group has unutilised investment tax allowances of approximately RM17,029,964 (2019 - RM17,029,964) available to be carried forward to be offset against future taxable income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 11. OTHER INVESTMENTS

	The Group	
	2020 RM	2019 RM
Quoted shares, at fair value	12,000	12,000
Transferable club membership, at fair value	100,000	100,000
	112,000	112,000
Allowance for impairment losses:-		
At 1 January	(57,750)	(7,750)
Addition during the year	-	(50,000)
At 31 December	(57,750)	(57,750)
	54,250	54,250

(a) The Group designated its investments to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

(b) The fair value of each investment is summarised below:-

	The Group	
	2020 RM	2019 RM
Quoted shares of Salcon Berhad	2,600	2,500
Transferable club membership	50,000	50,000
	50,000	50,000

### 12. INVENTORIES

	The Group	
	2020 RM	2019 RM
Materials, electrical parts and consumables	405,851	565,134
	405,851	565,134
<u>Recognised in profit or loss</u>		
Inventories recognised at cost of sales	2,276,731	1,267,179
Amount written down to net realisable value	-	86,936
	2,276,731	1,180,243

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020 RM	2019 RM
<b>Contract Assets</b>		
Contract assets relating to construction contracts	17,101,304	26,319,724
Allowance for impairment losses	(9,059,682)	(1,845,000)
	8,041,622	24,474,724
Allowance for impairment losses:-		
At 1 January	(1,845,000)	(108,094)
Addition during the financial year (Note 33)	(7,214,682)	(1,777,000)
Reversal during the financial year (Note 33)	-	40,094
At 31 December	(9,059,682)	(1,845,000)
<b>Contract Liabilities</b>		
Contract liabilities relating to construction contracts	1,114,379	686,447

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 30 to 90 (2019 - 30 to 90) days.

Included in the contract assets are retention sum receivables totalling RM2,570,123 (2019 - RM4,039,368). The retention sums are expected to be collected within the periods ranging from 12 to 24 (2019 - 12 to 24) months.

- (b) The contract liabilities primarily relates to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2019 - 1 to 3) months.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2020 RM	2019 RM
At 1 January	23,788,277	33,227,360
Revenue recognised in profit or loss during the financial year	4,804,459	23,388,569
Billings to customers during the financial year	(12,795,857)	(31,090,746)
Impairment loss on contract assets	(7,214,682)	(1,777,000)
Written off on contract assets	(1,654,954)	-
Reversal of impairment loss on contract assets	-	40,094
At 31 December	6,927,243	23,788,277
Represented by:-		
Contract assets	8,041,622	24,474,724
Contract liabilities	(1,114,379)	(686,447)
	6,927,243	23,788,277

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM25,333,590 (2019 - RM6,174,679). These remaining performance obligations are expected to be recognised within 1 year.

### 14. TRADE RECEIVABLES

	The Group	
	2020 RM	2019 RM
Trade receivables	23,370,903	23,054,053
Allowance for impairment losses	(3,348,355)	(3,239,317)
	20,022,548	19,814,736
Allowance for impairment losses:-		
At 1 January	(3,239,317)	(4,667,091)
Addition during the financial year (Note 33)	(109,038)	(2,308,059)
Reversal during the financial year (Note 33)	-	7,522
Written off during the financial year	-	3,728,311
At 31 December	(3,348,355)	(3,239,317)

The Group's normal trade credit terms range from 14 to 120 (2019 - 14 to 120) days.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables:				
- third parties	185,813	2,002,459	-	-
- advances to suppliers	27,032,893	20,361,657	-	-
- goods and services tax recoverable	148,677	442,676	-	-
	<u>27,367,383</u>	<u>22,806,792</u>	<u>-</u>	<u>-</u>
Allowance for impairment losses	(20,155,551)	(8,043)	-	-
	<u>7,211,832</u>	<u>22,798,749</u>	<u>-</u>	<u>-</u>
Deposits	15,742,956	16,452,760	67,720	1,000
Prepayments	9,616,750	7,414,664	55,429	-
	<u>32,571,538</u>	<u>46,666,173</u>	<u>123,149</u>	<u>1,000</u>

	The Group	
	2020 RM	2019 RM
Allowance for impairment losses:-		
At 1 January	(8,043)	(8,043)
Addition during the financial year (Note 33)	(20,147,508)	-
At 31 December	<u>(20,155,551)</u>	<u>(8,043)</u>

(a) Included in other receivables of the Group are:-

- (i) advances to suppliers amounting to RM6,885,385 (2019 - RM14,400) in respect of future supply of project materials and river sand; and
- (ii) advances to a supplier amounting to RM20,147,508 (2019 - RM20,347,257) in respect of future supply of coals. The advances has been fully impaired during the financial year.

(b) Included in deposits of the Group is an amount of RM15,470,458 (2019 - RM15,450,458) paid as land premium for a joint venture project.

(c) Included in prepayments of the Group is an amount of RM9,289,214 (2019 - RM7,152,679) in respect of architect fees and development charges for a joint venture project which is expected to commence in next financial year.

(d) In the previous financial year, included in the other receivables of the Group is an amount owing by the purchaser of Pasukhas Cherating Sdn. Bhd. amounted to RM1,200,000 in respect of the cash proceeds from disposal of Pasukhas Cherating Sdn. Bhd. The amount has been received during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Group	
	2020 RM	2019 RM
<b>Amount owing by subsidiaries</b>		
Non-trade balances	65,460,471	59,757,008
<b>Amount owing to a subsidiary</b>		
Non-trade balances	185,845	8,664,438

- (a) The amount owing by is unsecured, repayable on demand and is to be settled in cash. The amount owing by is interest-free except an amount of RM6,512,900 (2019 - RM6,512,900) which bore an interest rate of 8.5% (2019 - 8.5%) per annum.
- (b) The amount owing to is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash. In the previous financial year, the amount owing to bore an interest rate of 8.5% per annum.

### 17. SHORT-TERM INVESTMENTS

	The Group/The Company 2020	
	Carrying Amount RM	Market Value RM
Money market funds, at fair value (Note 38(c))	8,013,484	8,013,484

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

### 18. DEPOSITS WITH LICENSED BANKS

- (a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.70% to 1.85% (2019 - 2.95% to 3.95%) per annum. The deposits with licensed banks have maturity periods of 3 (2019 - 1 to 12) months.
- (b) In the previous financial year, included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM6,018,817 which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 19. SHARE CAPITAL

	The Group/ The Company			
	2020	2019	2020	2019
	Number Of Shares		RM	RM
Ordinary Shares				
<u>Issued and Fully Paid-Up</u>				
At 1 January	814,416,732	811,573,132	89,922,183	89,782,847
Issuance of shares for cash:				
- Private Placement	350,198,000	-	25,246,093	-
- Special Issue	-	2,843,600	-	139,336
At 31 December	1,164,614,732	814,416,732	115,168,276	89,922,183
Share application monies (Note 23)	30,102,600	-	2,332,952	-
	1,194,717,332	814,416,732	117,501,228	89,922,183

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM89,922,183 to RM115,168,276 by an issuance of 350,198,000 new ordinary shares for a cash consideration of RM25,246,093 through Private Placement; and
- The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- (c) The share application monies represent applications received from employees on exercise of options granted and vested under the ESOS by the Company. These shares were subsequently allotted on 4 January 2021.

### 20. MERGER DEFICIT

The merger deficit relates to a subsidiary which was consolidated under the merger method of accounting.

The merger deficit arose from the difference between the nominal value of shares issued for the acquisition of a subsidiary and the nominal value of the shares acquired.

### 21. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

### 22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 23. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 12 November 2020. The ESOS is to be in force for a period of 5 years effective from 18 December 2020.

The main features of the ESOS are as follows:-

- (i) Eligible persons are employees and/or directors of the Group who have been confirmed in the employment of the Group and is at least eighteen (18) years of age. Directors of the Group has been appointed in any company within the Group which is not dormant.
- (ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 30%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the duration of the ESOS.
- (iii) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares as quoted on Bursa Securities, immediately preceding the date of offer of the option, with a discount of not more than 10%.
- (iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 23. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The option prices and the details in the movement of the options granted are as follows:-

	Date of offer	Exercise Price (RM)	Remaining Contractual Life of Options	Number of Options over Ordinary Shares		
				At 1.1.2020	Granted	Exercised (Note 19) At 31.12.2020
ESOS 1	21 December 2020	0.0775	Expired	-	30,102,600	-
ESOS 2	24 December 2020	0.0725	23 days	-	319,270,000	-
				-	349,372,600	(30,102,600)
					319,270,000	319,270,000

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

The number of options exercised are recorded as share application monies under share capital as at 31 December 2020. The equity shares are allotted against the share application monies on 4 January 2021.

The number of options exercisable as at 31 December 2020 was 319,270,000 (2019 - Nil) and have an exercise price of RM0.0725 (2019 - Nil) and a weighted average contractual life of 30 (2019 - Nil) days.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 23. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The fair values of the share options granted were estimated using a trinomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	The Group/The Company	
	ESOS 1	ESOS 2
Fair value of share options at the grant date (RM)	0.0099	0.0120
Weighted average ordinary share price (RM)	0.0747	0.0747
Exercise price of share option (RM)	0.0775	0.0725
Expected volatility (%)	129.47	129.47
Expected life (month)	1	1
Risk free rate (%)	1.8	1.8
Expected dividend yield (%)	-	-

#### 24. LEASE LIABILITIES

	The Group	
	2020 RM	2019 RM
At 1 January	2,562,595	3,567,625
Interest expense recognised in profit or loss (Note 34)	120,314	184,614
Derecognition due to lease termination	(629,361)	-
Repayment of principal	(996,235)	(1,005,030)
Repayment of interest expense	(120,314)	(184,614)
At 31 December	936,999	2,562,595
Analysed by:-		
Current liabilities (Note 30)	243,963	1,016,931
Non-current liabilities	693,036	1,545,664
	936,999	2,562,595

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 25. ISLAMIC MEDIUM TERM NOTES

	The Group	
	2020 RM	2019 RM
Current liabilities (Note 30)	1,198,211	1,098,211
Non-current liabilities	13,770,513	14,968,724
	14,968,724	16,066,935

- (a) The Islamic Medium Term Notes ("IMTN") are secured by:-
- (i) Corporate Guarantees of PGB, PESB and ISE;
  - (ii) a legal assignment over the energy payments under the Renewable Energy Power Purchase Agreement ("REPPA") executed between the subsidiary and a third party;
  - (iii) a legal assignment and charge over all present and future rights, titles, benefits and interests in and to the Tranche 1 Designated Accounts established under the Tranche 1 Al-Kafalah facility and all monies from time to time standing to the credit of the Tranche 1 Designated Accounts;
  - (iv) a legal assignment over the rights, title, interest and benefit in and under all insurances/takaful policies required to be taken by ISE and the proceeds thereof with the Security Agent to be endorsed as the co-insured and/or loss payee of the insurances/takaful;
  - (v) an irrevocable and unconditional letter of Undertaking from PGB, PESB and ISE;
  - (vi) a debenture creating a first ranking fixed and floating charge over the Obligor's and ISE's present and future assets;
  - (vii) a first legal charge over the shares of the Obligor and ISE;
  - (viii) letter of support from the major shareholders of PGB in a format acceptable to Security Agent; and
  - (ix) Power of Attorney granted by PESB in favour of Security Agent to facilitate the disposal of ISE shares upon the occurrence of a trigger Event.
- (b) The IMTN at the end of the reporting period bore an effective interest rate of 5.50% (2019 - 5.50%) per annum.
- (c) The proceeds raised from Tranche 1 of the IMTN Programme shall be utilised by the Company as follows:-
- (i) to refinance the existing financing;
  - (ii) to pre-fund the relevant designated accounts under the Tranche 1 Al-Kafalah Facility;
  - (iii) to fund fees and expenses in relation to the IMTN Programme and the Tranche 1 Al-Kafalah Facility;
  - (iv) to fund capital expenditure/working capital of ISE; and
  - (v) to fund construction or acquisition of new Renewable Energy Assets.

### 26. TRADE PAYABLES

Included in the trade payables of the Group is retention sum amounting to RM2,572,078 (2019 - RM3,001,148).

The normal trade credit terms granted to the Group range from 30 to 120 (2019 - 30 to 120) days.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	16,271,234	3,514,491	171,448	65,002
Goods and services tax payable	251,666	404,377	-	-
Sales and services tax payable	-	2,586	-	-
Accruals	1,756,738	1,830,067	230,785	114,216
	<u>18,279,638</u>	<u>5,751,521</u>	<u>402,233</u>	<u>179,218</u>

Included in other payables of the Group are:-

- (a) advances from customers amounting to RM10,712,500 (2019 - Nil) in respect of future sales; and
- (b) an amount owing to a shareholder of EVSB amounting to RM1,136,221 (2019 - RM1,136,221). The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

In the previous financial year, included in other payables of the Group are an amount owing to a related party amounting to RM224,700. The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 28. AMOUNT OWING TO DIRECTORS

In the previous financial year, the amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 29. AMOUNT OWING TO SHAREHOLDERS

In the previous financial year, the amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 30. SHORT-TERM BORROWINGS

	The Group	
	2020 RM	2019 RM
Lease liabilities (Note 24)	243,963	1,016,931
IMTN (Note 25)	1,198,211	1,098,211
Bankers' acceptances	796,000	2,627,000
Revolving credits	-	3,000,000
	<u>2,238,174</u>	<u>7,742,142</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 30. SHORT-TERM BORROWINGS (CONT'D)

The weighted average effective interest rate of the bankers' acceptances at the end of the reporting period is 5.11% (2019 - 6.09%) per annum.

In the previous financial year, the weighted average effective interest rate of the revolving credits at the end of the reporting period is 5.50% per annum.

In the previous financial year, the bankers' acceptances and revolving credits are secured by:-

- (a) pledged deposits of the Group as disclosed in Note 18 to the financial statements;
- (b) a joint and several guarantee of certain directors of the Company; and
- (c) a corporate guarantee of the Company.

### 31. BANK OVERDRAFTS

- (a) The bank overdrafts are secured by:-
  - (i) a deed of assignment over the investment properties of the Group as disclosed in Note 7 to the financial statements;
  - (ii) a joint and several guarantee of certain directors of a subsidiary; and
  - (iii) a corporate guarantee of a subsidiary and a shareholder of a subsidiary.
- (b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates of 3.60% (2019 - 4.60% to 7.76%) per annum.

### 32. REVENUE

	The Group	
	2020 RM	2019 RM
<u>Recognised at a point in time</u>		
Sale of goods, rendering of services, rental income and electricity supplied	6,055,897	5,698,784
<u>Recognised over time</u>		
Contract revenue	4,804,459	23,388,569
	<u>10,860,356</u>	<u>29,087,353</u>

The information on the disaggregation of revenue is disclosed in Note 41 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 33. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	<b>The Group</b>	
	2020 RM	2019 RM
Impairment losses:		
- other investment (Note 11)	-	(50,000)
- contract assets (Note 13)	(7,214,682)	(1,777,000)
- trade receivables (Note 14)	(109,038)	(2,308,059)
- other receivables (Note 15)	(20,147,508)	-
Reversal of impairment losses:		
- contract assets (Note 13)	-	40,094
- trade receivables (Note 14)	-	7,522
	(27,471,228)	(4,087,443)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 34. LOSS BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fee:				
- current financial year	184,671	206,500	47,000	47,700
- (over)/underprovision in the previous financial year	(14,600)	13,500	(700)	-
- non-audit fees	18,000	88,000	6,000	6,000
Amortisation of transaction costs capitalised	101,789	84,824	-	-
Bad debts written off	432,739	5,043,450	-	-
Contract assets written off	1,654,954	-	-	-
Deposit written off	616,180	11,440	-	-
Depreciation:				
- plant and equipment (Note 6)	2,293,561	2,123,640	1,480	40
- right-of-use assets (Note 8)	899,894	906,192	-	-
- investment properties (Note 7)	212,562	277,221	-	-
Direct operating expenses on investment properties	101,983	80,965	-	-
Directors' remuneration (Note 39)	2,235,477	3,084,641	569,789	785,128
Hiring charges	30,150	1,632,127	-	-
Impairment loss:				
- investment in subsidiaries	-	-	19,552	-
- investment properties	-	56,088	-	-
Inventories written down	-	86,936	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	902,658	1,158,237	-	-
- bankers' acceptances	56,497	248,730	-	-
- bank guarantee	-	315	-	-
- intercompany loan interest	-	-	490,069	553,596
- IMTN	882,049	783,863	-	-
- lease liabilities	120,314	184,614	-	-
- revolving credit	112,701	158,362	-	-
- term loan	-	168,414	-	-
- others	112,431	-	-	-
Lease expenses on short-term leases	48,654	280,816	-	-
Loss on disposal of investment properties	613,710	-	-	-
Plant and equipment written off	54,080	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 34. LOSS BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Staff costs:				
- short-term employee benefits	4,441,625	5,163,995	383,427	159,419
- defined contribution benefits	451,034	513,088	48,542	19,833
- other benefits	204,514	397,630	17,816	24,802
- share option expenses	4,129,256	-	4,129,256	-
Bad debt recovered	(250,000)	-	-	-
(Gain)/Loss on foreign exchange:				
- realised	-	12,839	-	-
- unrealised	(8,215)	189,188	678	11
Gain on:				
- disposal of a subsidiary (Note 37(b))	-	(5,605,222)	-	-
- disposal of plant and equipment	(2,000)	-	-	-
- derecognition due to lease termination	(88,862)	-	-	-
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposit interest	(210,791)	(270,506)	-	(6,585)
- intercompany loan interest	-	-	(553,596)	(624,968)
Interest income on short-term investments	(13,484)	-	(13,484)	-
Reversal of impairment loss on investment properties	(56,088)	-	-	-
	<u>(56,088)</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 35. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense:				
- underprovision in the previous financial year	9,434	-	-	-
Deferred tax expense (Note 10):				
- for the financial year	(54,982)	(152,355)	-	-
	<u>(45,548)</u>	<u>(152,355)</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 35. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before taxation	(42,158,277)	(11,301,172)	(5,985,732)	(1,616,668)
Tax at the statutory tax rate of 24%	(10,118,000)	(2,712,000)	(1,437,000)	(388,000)
Tax effects of:-				
Non-deductible expenses	9,200,000	3,099,000	1,437,000	388,000
Deferred tax assets not recognised during the financial year	1,847,000	1,450,000	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(929,000)	(466,000)	-	-
Non-taxable gain	-	(1,371,000)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	9,434	-	-	-
- deferred tax	(54,982)	(152,355)	-	-
Income tax expense for the financial year	(45,548)	(152,355)	-	-

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 of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Tax savings during the financial year arising from:-

	The Group	
	2020 RM	2019 RM
Utilisation of capital allowances previously not recognised as deferred tax assets	3,871,113	1,939,900

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 36. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

	<b>The Group</b>	
	2020 RM	2019 RM
<u>Basic Loss Per Share</u>		
Loss attributable to owners of the Company (RM)	<u>(38,970,441)</u>	<u>(10,917,692)</u>
Weighted average number of ordinary shares for basic earnings per share	<u>864,052,522</u>	<u>813,684,408</u>
Basic loss per share (Sen)	<u>(4.51)</u>	<u>(1.34)</u>
<u>Diluted Loss Per Share</u>		
Loss attributable to owners of the Company (RM)	<u>(38,970,441)</u>	<u>#</u>
Weighted average number of ordinary shares for basic earnings per share	864,052,522	#
Shares deemed to be issued for no consideration:		
- ESOS	145,855	#
Weighted average number of ordinary shares for diluted loss per share computation	<u>864,198,376</u>	<u>#</u>
Diluted loss per share (Sen)	<u>(4.51)</u>	<u>#</u>

# - In the previous financial year, the Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

### 37. DISPOSAL OF A SUBSIDIARY

In the previous financial year, PSB disposed of its entire equity interests in Pasukhas Cherating Sdn. Bhd. for a total consideration of RM5,700,000.

The following summarises the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

#### (a) Fair Value of Disposal Proceeds

	<b>The Group</b> 2019 RM
Cash	<u>5,700,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 37. DISPOSAL OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal (Cont'd):-

#### (b) Financial Effect Arising from Disposal

	<b>The Group</b>
	2019
	RM
Land	4,972,930
Cash and cash equivalents	1,000
Other payables	(4,879,152)
Carrying amount of net assets disposed of	94,778
Net disposal proceeds (item (a) above)	(5,700,000)
Gain on disposal of a subsidiary	(5,605,222)

#### (c) Cash Flows Arising from Disposal

	<b>The Group</b>
	2019
	RM
Cash proceeds from disposal (item (a) above)	5,700,000
Cash and cash equivalents of subsidiary disposed of	(1,000)
Net cash inflow from the disposal of a subsidiary	(5,699,000)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 38. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	IMTN RM	Lease Liabilities RM	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2020					
At 1 January	16,066,935	2,562,595	2,627,000	3,000,000	24,256,530
<u>Changes in Financing Cash Flows</u>					
Repayment of bankers' acceptances	-	-	(1,831,000)	-	(1,831,000)
Repayment of borrowing principal	(1,200,000)	(996,235)	-	(3,000,000)	(5,196,235)
Repayment of borrowing interests	(882,049)	(120,314)	(56,497)	(112,701)	(1,171,561)
<u>Non-cash Changes</u>					
Amortisation of transaction cost capitalised	101,789	-	-	-	101,789
Finance charges recognised in profit or loss	882,049	120,314	56,497	112,701	1,171,561
Derecognition due to lease termination	-	(629,361)	-	-	(629,361)
At 31 December	<u>14,968,724</u>	<u>936,999</u>	<u>796,000</u>	<u>-</u>	<u>16,701,723</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 38. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	IMTN RM	Term Loan RM	Lease Liabilities RM	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2019						
At 1 January	-	11,616,564	3,567,625	6,402,000	3,000,000	24,586,189
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	17,000,000	-	-	12,395,000	-	29,395,000
Repayment of bankers' acceptances	-	-	-	(16,170,000)	-	(16,170,000)
Repayment of borrowing principal	-	(11,616,564)	(1,005,030)	-	-	(12,621,594)
Repayment of borrowing interests	(783,863)	(168,414)	(184,614)	(248,730)	(158,362)	(1,543,983)
Transaction cost	(1,017,889)	-	-	-	-	(1,017,889)
<u>Non-cash Changes</u>						
Amortisation of transaction cost capitalised	84,824	-	-	-	-	84,824
Finance charges recognised in profit or loss	783,863	168,414	184,614	248,730	158,362	1,543,983
At 31 December	16,066,935	-	2,562,595	2,627,000	3,000,000	24,256,530



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 38. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing To A Subsidiary RM
<b>The Company</b>	
<b>2020</b>	
At 1 January	8,664,438
<u>Changes in Financing Cash Flows</u>	
Payment on behalf	723
Loan interest expenses	490,069
Repayment to	(8,969,385)
At 31 December	<u>185,845</u>
<b>2019</b>	
At 1 January	7,524,726
<u>Changes in Financing Cash Flows</u>	
Advances from	2,040,000
Payment on behalf	(5,884)
Loan interest expenses	553,596
Repayment to	(1,448,000)
At 31 December	<u>8,664,438</u>

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2020 RM	2019 RM
Payment of short-term leases	48,654	280,816
Interest paid on lease liabilities	120,314	184,614
Payment of lease liabilities	996,235	1,005,030
	<u>1,165,203</u>	<u>1,470,460</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 38. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deposits with licensed banks (Note 18)	2,428,500	9,250,317	-	-
Cash and bank balances	7,422,996	2,872,660	3,732,820	224,265
Money market funds (Note 17)	8,013,484	-	8,013,484	-
Bank overdrafts (Note 31)	(3,356,306)	(19,652,658)	-	-
	<u>14,508,674</u>	<u>(7,529,681)</u>	<u>11,746,304</u>	<u>224,265</u>
Less: Deposits pledged to licensed banks and/or with maturity period more than 3 months	-	(8,821,817)	-	-
	<u>14,508,674</u>	<u>(16,351,498)</u>	<u>11,746,304</u>	<u>224,265</u>

### 39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	392,130	594,000	174,170	242,000
- salaries, bonuses and other benefits	894,787	1,163,533	357,593	500,768
	<u>1,286,917</u>	<u>1,757,533</u>	<u>531,763</u>	<u>742,768</u>
- defined contribution benefits	76,140	90,445	38,026	42,360
	<u>1,363,057</u>	<u>1,847,978</u>	<u>569,789</u>	<u>785,128</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 39. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>(a) Directors (Cont'd)</b>				
<u>Directors of Subsidiaries</u>				
Short-term employee benefits:				
- fees	66,000	85,500	-	-
- salaries, bonuses and other benefits	740,100	1,060,923	-	-
	806,100	1,146,423	-	-
- defined contribution benefits	66,320	90,240	-	-
	<u>872,420</u>	<u>1,236,663</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (Note 34)	<u>2,235,477</u>	<u>3,084,641</u>	<u>569,789</u>	<u>785,128</u>

In the previous financial year, the estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM12,500.

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits	-	-	246,000	246,000
Defined contribution benefits	-	-	29,520	29,520
Total compensation for other key management personnel	<u>-</u>	<u>-</u>	<u>275,520</u>	<u>275,520</u>

### 40. RELATED PARTY DISCLOSURES

#### (a) 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, significant investors, key management personnel and entities within the same group of companies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 40. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) 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 significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(i) Subsidiaries:				
- advances to	-	-	7,211,231	2,681,050
- advances from	-	-	-	(2,040,000)
- payment on behalf for	-	-	1,447,364	194,921
- payment on behalf by	-	-	(723)	-
- loan interest income	-	-	553,596	624,968
- loan interest expenses	-	-	(490,069)	(553,596)
- repayment to	-	-	8,969,385	1,448,000
- repayment from	-	-	(3,508,530)	(3,842,024)
(ii) Related parties:				
- payment of lease liabilities	(781,200)	(781,200)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

### 41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 6 main reportable segments as follows:-

- (i) M&E Engineering Services ("M&E") - involved in the provision of water treatment and sewerage industry, palm oil, sugar mills, refineries and other factories.
- (ii) Manufacturing of LV Switchboards ("LV") - involved in sub-distribution for the generation, transmission, distribution and conversion of electric energy and for the control of equipment that consume electric energy.
- (iii) Trading ("EQ") - involved in trading of a variety of goods without any particular specialisation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 41. OPERATING SEGMENTS (CONT'D)

The Group is organised into 6 main reportable segments as follows (Cont'd):-

- (iv) Property Development ("PD") - involved in civil engineering and construction.
- (v) Renewable Energy ("RE") - involved in power plant and electricity supplied.
- (vi) Rental Property ("RP") - Rental income generated from investment properties.

The Group's contract expenses, operating expenses, financing (including finance costs), income taxes, assets and liabilities are managed on a group and are not allocated to operating segments.

Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

#### BUSINESS SEGMENTS

	M&E RM	LV RM	EQ RM	PD RM	RE RM	The Group RM
<b>2020</b>						
<b>Revenue</b>						
External revenue	3,806,207	1,393,465	-	998,252	4,662,432	10,860,356
Inter-segment revenue	-	-	-	-	-	-
	<u>3,806,207</u>	<u>1,393,465</u>	<u>-</u>	<u>998,252</u>	<u>4,662,432</u>	<u>10,860,356</u>
Consolidation adjustments						-
Consolidated revenue						<u>10,860,356</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 41. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	<b>The Group RM</b>
<b>2020</b>	
<b>Results</b>	
Segment loss	(39,911,541)
Finance costs	(2,246,736)
Consolidated loss before taxation	<u>(42,158,277)</u>
Segment loss includes the following:-	
Amortisation of transaction costs capitalised	101,789
Bad debts written off	432,739
Contract assets written off	1,654,954
Deposits written off	616,180
Depreciation:	
- plant and equipment	2,293,561
- right-of-use assets	899,894
- investment properties	212,562
Impairment loss:	
- contract assets	7,214,682
- trade receivables	109,038
- other receivables	20,147,508
Interest expenses	2,186,650
Loss on disposal of investment properties	613,710
Plant and equipment written off	54,080
Bad debts recovered	(250,000)
Gain on:	
- disposal of plant and equipment	(2,000)
- derecognition due to lease termination	(88,862)
Interest income	(224,275)
Reversal of impairment loss on investment properties	(56,088)
Unrealised gain on foreign exchange	<u>(8,215)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 41. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	<b>The Group</b> RM
<b>2020</b>	
<b>Assets</b>	
Segment assets	212,998,347
Unallocated assets:	
- deferred tax assets	1,654,700
- current tax assets	247,764
- goods and services tax recoverable	148,677
Consolidation adjustments	<u>(98,761,060)</u>
Consolidated total assets	<u>116,288,428</u>
Addition to non-current assets other than financial instruments and deferred tax assets is:	
- plant and equipment	<u>349,686</u>
<b>Liabilities</b>	
Segment liabilities	125,403,625
Unallocated liabilities:	
- deferred tax liabilities	1,080,725
- goods and services tax payable	251,666
Consolidation adjustments	<u>(68,471,408)</u>
Consolidated total liabilities	<u>58,264,608</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 41. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	M&E RM	LV RM	EQ RM	PD RM	RE RM	The Group RM
<b>2019</b>						
<b>Revenue</b>						
External revenue	3,547,668	2,296,406	40,120	19,840,901	3,362,258	29,087,353
Inter-segment revenue	-	-	-	-	-	-
	<u>3,547,668</u>	<u>2,296,406</u>	<u>40,120</u>	<u>19,840,901</u>	<u>3,362,258</u>	<u>29,087,353</u>
Consolidation adjustments						-
Consolidated revenue						<u>29,087,353</u>
						<b>The Group RM</b>
<b>2019</b>						
<b>Results</b>						
Segment loss						(8,014,121)
Finance costs						(3,287,051)
Consolidated loss before taxation						<u>(11,301,172)</u>
Segment loss includes the following:-						
Amortisation of transaction costs capitalised						84,824
Bad debts written off						5,043,450
Deposits written off						11,440
Depreciation:						
- plant and equipment						2,123,640
- right-of-use assets						906,192
- investment properties						277,221
Gain on disposal of a subsidiary						(5,605,222)
Impairment loss:						
- contract assets						1,777,000
- trade receivables						2,308,059
- other investment						50,000
- investment properties						56,088
Interest expenses						2,702,535
Interest income						(270,506)
Inventories written down						86,936
Unrealised loss on foreign exchange						189,188
Reversal of impairment loss on:						
- contract assets						(40,094)
- trade receivables						<u>(7,522)</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 41. OPERATING SEGMENTS (CONT'D)

#### BUSINESS SEGMENTS (CONT'D)

	<b>The Group RM</b>
<b>2019</b>	
<b>Assets</b>	
Segment assets	241,448,337
Unallocated assets:	
- deferred tax assets	1,654,700
- current tax assets	216,744
- goods and services tax recoverable	442,676
Consolidation adjustments	<u>(99,606,739)</u>
Consolidated total assets	<u>144,155,718</u>
Addition to non-current assets other than financial instruments and deferred tax assets is:	
- plant and equipment	<u>293,661</u>
<b>Liabilities</b>	
Segment liabilities	143,485,245
Unallocated liabilities:	
- deferred tax liabilities	1,135,707
- goods and services tax payable	404,377
- sales and services tax payable	2,586
Consolidation adjustments	<u>(69,300,880)</u>
Consolidated total liabilities	<u>75,727,035</u>

#### GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

#### MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group's total revenue:-

	Revenue		Segment
	2020 RM	2019 RM	
Customer A	*	19,949,001	Property developer - Civil engineering and construction.
Customer B	4,662,432	3,362,258	Renewable energy - Electricity supplied.
Customer C	1,162,116	-	Manufacturing of LV Switchboards

\* During the financial year, the revenue for this customer was less than 10% of the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 42. CAPITAL COMMITMENTS

	The Group	
	2020 RM	2019 RM
Payment to landowner for the future entitlement in respect of the Joint Venture Agreement	2,000,000	2,000,000
Acquisition of subsidiaries	-	531,000
Road access and drainage	35,300	121,345
	2,035,300	2,652,345

### 43. 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.

#### 43.1 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 the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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 the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

The Group	United States Dollar RM
2020	
<u>Financial Assets</u>	
Cash and bank balances	124,996
Currency exposure	124,996

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM
<b>2019</b>	
<u>Financial Assets</u>	
Other receivables	20,347,257
Cash and bank balances	520,626
	20,867,883
<u>Financial Liability</u>	
Other payables	23,260
<b>Currency exposure</b>	20,844,623

##### *Foreign Currency Risk Sensitivity Analysis*

A 10% strengthening of the RM against the United States Dollar at the end of the reporting period would have increased loss after taxation and equity respectively by RM9,500 (2019 - RM1,584,191). A 10% weakening in the foreign currency would have had an equal but opposite effect on the loss after taxation and equity respectively. This assumes that all other variables remain constant.

##### (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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor the future cash flows fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 25, 30 and 31 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

##### *Interest Rate Risk Sensitivity Analysis*

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>	
	2020 RM	2019 RM
<b>Effects on Loss After Taxation</b>		
Increase of 100 basis points	(145,320)	(314,234)
Decrease of 100 basis points	145,320	314,234
	145,320	314,234

##### (iii) Equity Price Risk

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

##### (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 and cash and bank balances), 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 risk relates to the amounts owing by two major customers which constituted approximately 90% of its trade receivables at the end of the reporting period.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of those 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 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.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.1 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)*

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2020</b>				
Not past due	870,222	-	(42,524)	827,698
Past due:				
- less than 3 months	5,319,549	-	(1,124)	5,318,425
- 3 to 9 months	292,785	-	(6,034)	286,751
- over 9 months	16,888,347	(2,905,417)	(393,256)	13,589,674
Trade receivables	23,370,903	(2,905,417)	(442,938)	20,022,548
Contract assets	17,101,304	(9,059,682)	-	8,041,622
	40,472,207	(11,965,099)	(442,938)	28,064,170
<b>2019</b>				
Not past due	2,383,448	-	(42,524)	2,340,924
Past due:				
- less than 3 months	896,046	-	(1,124)	894,922
- 3 to 9 months	494,865	-	(6,034)	488,831
- over 9 months	19,279,694	(2,796,379)	(393,256)	16,090,059
Trade receivables	23,054,053	(2,796,379)	(442,938)	19,814,736
Contract assets	26,319,724	(1,845,000)	-	24,474,724
	49,373,777	(4,641,379)	(442,938)	44,289,460

The movements in the loss allowances in respect of contract assets and trade receivables are disclosed in Notes 13 and 14 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The information about the exposure to credit risk and the loss allowances calculated for the other receivables are summarised below:-

The Group	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2020</b>				
Low credit risk	7,211,832	-	-	7,211,832
Significant increase in credit risk	-	-	-	-
Credit impaired	20,155,551	-	(20,155,551)	-
	27,367,383	-	(20,155,551)	7,211,832
<b>2019</b>				
Low credit risk	2,451,492	-	-	2,451,492
Significant increase in credit risk	20,347,257	-	-	20,347,257
Credit impaired	8,043	-	(8,043)	-
	22,806,792	-	(8,043)	22,798,749

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### *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:-

	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Company</b>				
<b>2020</b>				
Low credit risk	65,460,471	-	-	65,460,471
<b>2019</b>				
Low credit risk	59,757,008	-	-	59,757,008

###### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 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):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
<b>2020</b>					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	17,731,837	17,731,837	17,731,837	-
Other payables and accruals	-	18,279,638	18,279,638	18,279,638	-
Lease liabilities	6.03	936,999	1,247,958	294,307	953,651
IMTN	5.50	14,968,724	19,822,745	2,108,666	17,714,079
Bankers' acceptances	5.11	796,000	796,000	796,000	-
Bank overdrafts	3.60	3,356,306	3,356,306	3,356,306	-
		56,069,504	61,234,484	42,566,754	18,667,730

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

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) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
<b>2019</b>					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	-	20,813,672	20,813,672	20,813,672	-
Other payables and accruals	-	5,751,521	5,751,521	5,751,521	-
Amount owing to directors	-	492,200	492,200	492,200	-
Amount owing to shareholders	-	2,938,300	2,938,300	2,938,300	-
Lease liabilities	7.67	2,562,595	3,315,799	1,447,735	1,868,064
IMTN	5.50	16,066,935	21,904,794	2,082,049	19,822,745
Bankers' acceptances	6.09	2,627,000	2,627,000	2,627,000	-
Revolving credits	5.50	3,000,000	3,000,000	3,000,000	-
Bank overdrafts	6.29	19,652,658	19,652,658	19,652,658	-
		73,904,881	80,495,944	58,805,135	21,690,809

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

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) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2020</b>				
Other payables and accruals	–	402,233	402,233	402,233
Amount owing to a subsidiary	–	185,845	185,845	185,845
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	–	–	14,968,724	14,968,724
		588,078	15,556,802	15,556,802
<b>2019</b>				
Other payables and accruals	–	179,218	179,218	179,218
Amount owing to a subsidiary	–	8,664,438	8,664,438	8,664,438
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	–	–	37,131,378	37,131,378
		8,843,656	45,975,034	45,975,034

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its 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 the debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, payables and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	2020 RM	2019 RM
Lease liabilities	936,999	2,562,595
Trade payables	17,731,837	20,813,672
Other payables and accruals	18,279,638	5,751,521
Amount owing to directors	-	492,200
Amount owing to shareholders	-	2,938,300
Bankers' acceptances	796,000	2,627,000
IMTN	14,968,724	16,066,935
Revolving credits	-	3,000,000
Bank overdrafts	3,356,306	19,652,658
	56,069,504	73,904,881
Less: Deposits with licensed banks	(2,428,500)	(9,250,317)
Less: Cash and bank balances	(7,422,996)	(2,872,660)
Net debt	46,218,008	61,781,904
Total equity	58,023,820	68,428,683
Debt-to-equity ratio	0.80	0.90

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

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Other investments (Note 11)	54,250	-
<u>Fair Value Through Profit or Loss</u>		
Short-term investments (Note 17)	8,013,484	8,013,484
<u>Amortised Cost</u>		
Trade receivables (Note 14)	20,022,548	-
Other receivables (Note 15)	7,211,832	-
Amount owing by subsidiaries (Note 16)	-	65,460,471
Deposits with licensed banks (Note 18)	2,428,500	-
Cash and bank balances	7,422,996	3,732,820
	37,085,876	69,193,291
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Trade payables (Note 26)	17,731,837	-
Other payables and accruals (Note 27)	18,279,638	402,233
Amount owing to a subsidiary (Note 16)	-	185,845
Lease liabilities (Note 24)	936,999	-
IMTN (Note 25)	14,968,724	-
Bankers' acceptances (Note 30)	796,000	-
Bank overdrafts (Note 31)	3,356,306	-
	56,069,504	588,078

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Other investments (Note 11)	54,250	-
<u>Amortised Cost</u>		
Trade receivables (Note 14)	19,814,736	-
Other receivables (Note 15)	22,798,749	-
Amount owing by subsidiaries (Note 16)	-	59,757,008
Deposits with licensed banks (Note 18)	9,250,317	-
Cash and bank balances	2,872,660	224,265
	54,736,462	59,981,273
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Trade payables (Note 26)	20,813,672	-
Other payables and accruals (Note 27)	5,751,521	179,218
Amount owing to a subsidiary (Note 16)	-	8,664,438
Amount owing to directors (Note 28)	492,200	-
Amount owing to shareholders (Note 29)	2,938,300	-
Lease liabilities (Note 24)	2,562,595	-
IMTN (Note 25)	16,066,935	-
Bankers' acceptances (Note 30)	2,627,000	-
Revolving credits (Note 30)	3,000,000	-
Bank overdrafts (Note 31)	19,652,658	-
	73,904,881	8,843,656

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<b>2020</b>	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	13,484	13,484
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(20,228,494)	(553,596)
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(2,087,146)	(490,069)
	<b>2019</b>	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Net losses recognised in profit or loss	(50,000)	-
<u>Amortised Cost</u>		
Net (losses)/gains recognised in profit or loss	(7,073,482)	77,957
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(2,568,684)	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

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 RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2020</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	50,000	-	-	-	-	50,000	50,000
Short-term investments:								
- money market funds	-	8,013,484	-	-	-	-	8,013,484	8,013,484
<u>Financial Liability</u>								
IMTN	-	-	-	-	14,968,724	-	14,968,724	14,968,724



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.5 FAIR VALUE INFORMATION (CONT'D)

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 (Cont'd):-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2019</b>								
Financial Assets								
Other investments:								
- quoted shares	4,250	-	-	-	-	-	4,250	4,250
- transferable club membership	-	50,000	-	-	-	-	50,000	50,000
<u>Financial Liability</u>								
IMTN	-	-	-	-	16,066,935	-	16,066,935	16,066,935
<b>The Company</b>								
<b>2020</b>								
Financial Asset								
Short-term investments:								
- money market funds	-	8,013,484	-	-	-	-	8,013,484	8,013,484

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.5 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 the quoted equity investment is estimated at its quoted closing bid price at the end of the reporting period.
  - (bb) The fair value for golf club memberships is estimated based on references to current available counterparty quotations of the same investments.
  - (cc) The fair value of money market funds is based on the fund managers' statements at the reporting date.
- (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 values, which are for disclosure purposes, have been determined using the following basis:-

The fair value of IMTN that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

### 44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

#### 44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (b) On 24 February 2020, PSB further entered into a Supplemental Agreement to the SPA with Lim Siow Jin ("LSJ") setting out the consideration amounting to RM13,312,500, as follows:-

No.	Breakdown	Details
(i)	RM7,612,500	PSB shall complete the construction of the hotel building currently situated on the land No. Hak Milik 823, Lot 1594, Gebeng, Mukim Sungai Karang, Kuantan, Pahang (No. Fail PTK 001.5805) at the costs of RM7,612,500 ("Construction Costs") in which such Construction Costs has been advanced by LSJ to PSB during the year.
(ii)	RM5,700,000	Disposal of 100,000 ordinary shares in Pasukhas Cherating Sdn. Bhd. from PSB to LSJ at a cash consideration of RM5,700,000.

Save for the above, the original SPA shall continue in full force and effect in accordance with its terms and conditions.

- (c) On 8 September 2020, the Company proposed to undertake a private placement of up to 81,441,000 new ordinary shares, representing ten percent (10%) of the total number of issued shares of the Company ("Placement Shares").

Bursa Malaysia Securities Berhad had, vide its letter dated 11 September 2020, approved the listing of and quotation for up to 81,441,000 Placement Shares to be issued. On 14 September 2020, the Company announced that the issue price of the Placement Shares has been fixed at RM0.1003 per Placement Share.

The 81,441,000 Placement Shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 18 September 2020.

- (d) On 12 October 2020, the Company proposed to undertake a private placement of up to 268,757,000 new ordinary shares, representing thirty percent (30%) of the total number of issued shares of the Company ("Placement Shares"), and establish an Employee Share Option Scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company for eligible directors and employees of the Company and its subsidiaries.

Bursa Malaysia Securities Berhad had vide its letter dated 21 October 2020, approved the listing and quotation of new shares to be issued pursuant to the Proposed Private Placement and Proposed ESOS. The proposal was duly passed by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 12 November 2020.

The details of the Placement Shares are as follows:-

No.	Date of Announcement	Number of shares	Issue price	Listing date
(i)	13 November 2020	60,000,000	RM0.0637	20 November 2020
(ii)	17 November 2020	100,000,000	RM0.0648	25 November 2020
(iii)	1 December 2020	108,757,000	RM0.0623	4 December 2020

The details of ESOS are disclosed in Note 23 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 45. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Subsequent to the reporting date, the Company had made offer of options to eligible persons to subscribe for new shares in the Company. The details are as follows:-

ESOS	Date of offer	Number of options granted	Exercise Price (RM)	Date of listing	Number of shares issued
ESOS 2	24 December 2020	319,270,000	0.0725	7 January 2021	30,102,600
ESOS 2	24 December 2020	319,270,000	0.0725	15 January 2021	60,000,000
ESOS 3	16 February 2021	30,000,000	0.0500	18 February 2021	30,000,000
ESOS 3	16 February 2021	60,000,000	0.0500	19 February 2021	60,000,000
ESOS 4	19 February 2021	60,642,500	0.0475	23 February 2021	60,642,500
ESOS 4	19 February 2021	60,000,000	0.0475	26 February 2021	60,000,000
ESOS 5	1 March 2021	60,000,000	0.0450	4 March 2021	60,000,000
ESOS 6	9 March 2021	75,791,000	0.0400	11 March 2021	75,791,000
ESOS 7	11 March 2021	22,737,300	0.0400	15 March 2021	22,737,300

- (b) On 17 March 2021, the Company proposed to undertake the following:-
- (i) Proposed Share Consolidation involving the consolidation of every 10 existing ordinary shares in the Company into 1 ("Consolidated Shares"). As at 29 March 2021, being the latest practicable date prior to the date of this report, the issued share capital of the Company comprises 1,653,990,732 shares. Pursuant to the Proposed Share Consolidation, the 1,653,990,732 shares will be consolidated into 165,399,073 Consolidated Shares.
  - (ii) Proposed renounceable rights issue of up to 992,394,438 new Shares ("Rights Shares") together with up to 578,896,755 free detachable warrants in the Company ("Warrants A") on the basis of 12 Rights Shares together with 7 free Warrants A for every 2 existing Consolidated Shares held by the entitled shareholders on an entitlement date to be determined.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 46. MATERIAL LITIGATION

**(a) In the matter of an arbitration between Samsung C&T Corporation UEM Construction JV Sdn. Bhd. ("Samsung-UEM") (Claimant) and PCSB (Respondent)**

On 28 August 2017, the Company announced that PCSB had received a Notice of Arbitration dated 24 August 2017 from Samsung-UEM vide its solicitors, Messrs Wong & Partners to resolve the disputes between Samsung-UEM and PCSB in relation to the sub-contract works amounting to approximately RM14,000,000.

On 16 November 2020, the Company announced that they had on 13 November 2020 made a full and final settlement to Samsung-UEM for works executed in connection with KL118 Tower. Both parties have mutually agreed that neither party shall have further claims against each other of whatsoever nature in respect of the Subcontract and that all and any litigation and/or other proceedings initiated by either party in relation to the Subcontract should be forthwith ceased and withdrawn without liberty to file afresh.

**(b) In the matter of an adjudication between PSB (Claimant) and Empire Multiple Sdn. Bhd. ("EMSB") (Respondent)**

On 27 April 2018, the Company received an update from its solicitors, Messrs Kheng Hoe that PSB, the wholly-owned subsidiary of PGB had served 1 Payment Claim under Section 5 of the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") against EMSB on 6 February 2018, claiming total amount of RM6,332,276 ("CIPAA Payment Claim") being outstanding sum due and owing by EMSB.

The CIPAA Payment Claim is related to the project known as "Sub-contract for the Supply of Materials, Labour, Machineries, Equipment & Tools for Structural Works Only for Construction & Completion of Apartment Housing Scheme which includes: (1) Apartment Block A (14 Storey) (i) 13 Storey (130 Units) Apartment (ii) 1 Storey Carpark (iii) 1 unit electrical Sub-station (2) Apartment Block B (14 Storey) (i) 13 Storey (130 units) Apartment (ii) 1 Storey Carpark (3) 1 Storey Club House and Swimming Pool (4) Guard House on lot 208397, 69040, 69041, 69042 and 69043, Taman Bintang, Bandaraya Ipoh, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan for Messrs Empire Multiple.

On 28 February 2018, PSB had instituted adjudication proceedings under the CIPAA against EMSB and both parties have been unable to agree on an adjudicator to determine the dispute.

PSB had on 26 April 2018 received a letter of acceptance of appointment as adjudicator dated 26 April 2018 from Mr James P Monteiro, the appointed Adjudicator in relation to the Proposed Terms of Appointment to act as Adjudicator under Section 23(1) of the CIPAA.

On 20 August 2018, PSB received the Adjudicator Decision pursuant to CIPAA dated 17 August 2018.

The Adjudicator's Decisions were as follows:-

**(i) For the Adjudicated Sum:-**

(aa) EMSB shall pay to PSB the sum of RM4,799,322; and

(bb) interest on the sum of RM4,799,322 commencing from 6 February 2018 until full settlement at a rate of 5% per annum.

**(ii) For the Adjudicated Costs:-**

(aa) the sum of RM40,000 as party to party costs within 10 working days from the date of release of the Adjudication Decision;

(bb) costs of adjudication which includes Asian International Arbitration Centre's ("AIAC") (previously known as KLRCA) registration of adjudication fee of RM265, appointment of adjudicator RM424 and administrative costs of RM60,000 (and GST if any) within 10 working days; and

(cc) interest of 5% per annum on such costs in the event of default until full settlement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 46. MATERIAL LITIGATION (CONT'D)

(b) **In the matter of an adjudication between PSB (Claimant) and Empire Multiple Sdn. Bhd. ("EMSB") (Respondent) (Cont'd)**

On 20 September 2018, PSB filed an application to enforce the CIPAA decision dated 17 August 2018 at Kuala Lumpur High Court.

On 28 September 2018, EMSB filed an application to stay the enforcement of the CIPAA decision and set aside the CIPAA decision dated 17 August 2018 in Ipoh High Court.

On 8 October 2018, EMSB filed an application to transfer the enforcement proceeding to Ipoh High Court. EMSB's application was dismissed.

PSB filed application to transfer EMSB's setting aside and stay proceeding to Kuala Lumpur High Court. The case management for the application to transfer EMSB's application was on 22 November 2018.

On 12 February 2019, the High Court allowed PSB's application to enforce the CIPAA decision dated 17 August 2018 and dismissed EMSB's application to set aside and stay the CIPAA decision.

On 5 March 2019, EMSB has filed a Notice of Appeal against High Court's decision dated 12 February 2019.

On 7 March 2019, PSB served a winding up notice against EMSB. EMSB have then applied for and obtained an ex-parte injunction against PSB's winding up proceeding on 27 March 2019.

EMSB has until 2 April 2019, to pay the adjudicated sum before PSB take a further step to file a winding up petition on EMSB.

Before winding-up proceedings could be commenced, EMSB applied for and obtained an ex parte Fortuna Injunction against PSB restraining PSB from presenting the winding-up petition. This ex parte injunction was subsequently affirmed by the learned High Court judge sitting in Ipoh on 27 March 2019.

On 19 June 2019, the Ipoh High Court allowed EMSB's application for a Fortuna Injunction.

PSB is appealing against the Ipoh High Court's decision and the hearing date has been fixed on 27 May 2021 by way of e-appellate. The Parties are instructed to file the Common Core Bundle, written subs and executive summary by 26 April 2021; and next case management to ensure compliance fixed on 5 May 2021.

On 8 October 2019, PSB's motion to strike out EMSB's appeal against the judgement dated 12 February 2019 has been fixed for hearing before the learned Judges at the Court of Appeal. Continued hearing date has been postponed to 2 August 2021.

On 31 October 2019, PSB filed a Judgment Debtor Summons ("JDS Suit") at the Kuala Lumpur High Court to summon EMSB's directors and officer for examination of EMSB's asset. EMSB has filed an application to transfer the JDS Suit to Ipoh High Court and the application to transfer has been approved during hearing on 16 January 2020.

Further to the case management held on 13 April 2021, the court has fixed the next case management on 7 May 2021 for preparation and fixing the hearing date.

On 14 February 2020, PSB filed a Writ of Summons against EMSB, EMSB's directors and EMSB's auditor at Ipoh High Court.

The next case management is fixed on 18 May 2021.

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2021

Total Issued Shares : 1,653,990,732 Ordinary Shares  
Types of Shares : Ordinary Shares  
Voting Rights : One (1) vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2021

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	3	77	0.0000
100 to 1,000	256	140,255	0.0085
1,001 to 10,000	1,356	9,844,000	0.5952
10,001 to 100,000	4,187	209,652,400	12.6755
100,001 to less than 5% of issued shares	2,180	1,434,354,000	86.7208
5% and above of issued shares	0	0	0.0000
<b>Total</b>	<b>7,982</b>	<b>1,653,990,732</b>	<b>100.0000</b>

### DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Names	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Mejar Dato' Ismail Bin Ahmad	-	-	-	-
2.	Wan Thean Hoe	100,000	0.0061	-	-
3.	Mak Siew Wei	100,000	0.0061	-	-
4.	Tang Boon Koon	-	-	-	-
5.	Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
6.	Yap Chee Keong	-	-	-	-
7.	Teoh Kim Hooi	3,000,000	0.1814	-	-

### SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Names	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Ace Solution Investments Ltd	138,000,000	8.343	-	-

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2021)

No.	Names	No. of Shares	Percentage of Shareholdings (%)
1.	KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	45,542,100	2.7535
2.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	32,008,400	1.9352
3.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	31,912,700	1.9294

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2021 (cont'd)

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2021) (CONT'D)

No.	Names	No. of Shares	Percentage of Shareholdings (%)
4.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEU ING DEE (E-KKU/BFT)	29,738,800	1.7980
5.	CHOK PUI WOON	29,400,000	1.7775
6.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBHK FOR HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED (CLIENT ACCOUNT)	14,866,400	0.8988
7.	YAP CHENG HOE	12,500,000	0.7557
8.	HO HENG CHUAN	12,500,000	0.7557
9.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WILLIAM LUK YONG WEN (E-KKU)	12,190,000	0.7370
10.	DAREN YOON THAI ON	11,500,000	0.6953
11.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LUK YONG LUNG (E-KKU)	10,440,000	0.6312
12.	LIEW SZE FOOK	10,234,000	0.6187
13.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN1290C)	10,000,000	0.6046
14.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	10,000,000	0.6046
15.	TAN KONG HAN	10,000,000	0.6046
16.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU)	9,706,000	0.5868
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HENRY WONG SEE HIENG (E-KKU)	9,300,000	0.5623
18.	HU, XIN	8,394,700	0.5075
19.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. KWOK KHO LEE	8,010,000	0.4843
20.	MARTIN PAU KIN LOONG	8,000,000	0.4837
21.	LIM AH ENG	7,844,600	0.4743
22.	YEO JIA MUNN	7,100,000	0.4293
23.	FOO FOOK MIN	6,800,000	0.4111
24.	POONG KAR FOO	6,700,000	0.4051
25.	LING SU YOU	6,500,000	0.3930
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIA KIE KING (E-LBG)	6,493,200	0.3926
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. CHEW SENG GUAN	6,200,000	0.3749
28.	NG KAM ENG	6,109,800	0.3694
29.	YEW AI BOON	6,099,900	0.3688
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	6,010,000	0.3634



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# PROXY FORM

**PASUKHAS GROUP BERHAD** [Registration No. 200501009342 (686389-A)]  
(Incorporated in Malaysia)

CDS Account No.	
No. of ordinary shares held	

I/We \_\_\_\_\_ NRIC No./Passport No./Registration No. \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

contact number \_\_\_\_\_ email address \_\_\_\_\_

being a member/members of **PASUKHAS GROUP BERHAD** hereby appoint \_\_\_\_\_

NRIC No. / Passport. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ contact number \_\_\_\_\_

email address \_\_\_\_\_ and/or \_\_\_\_\_

NRIC NO. / Passport \_\_\_\_\_ of \_\_\_\_\_

contact number \_\_\_\_\_ email address \_\_\_\_\_

or failing whom, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Sixteenth Annual General Meeting ("16th AGM") of the Company which held on a fully virtual basis and entirely via remote participation and voting from the broadcast venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor on Tuesday, 25 May 2021 at 3.00 p.m. or at any adjournment thereof.

		For	Against
Ordinary Resolution 1	To re-elect Wan Thean Hoe who retires pursuant to Clause 97 of the Company's Constitution		
Ordinary Resolution 2	To re-elect Mejar Dato' Ismail bin Ahmad who retires pursuant to Clause 104 of the Company's Constitution		
Ordinary Resolution 3	To re-elect Dato' Nik Ismail Bin Dato' Nik Yusoff who retires pursuant to Clause 104 of the Company's Constitution		
Ordinary Resolution 4	To re-elect Mak Siew Wei who retires pursuant to Clause 104 of the Company's Constitution		
Ordinary Resolution 5	To re-elect Tang Boon Koon who retires pursuant to Clause 104 of the Company's Constitution		
Ordinary Resolution 6	To approve the payment of Directors' Fees amounting to RM600,000 to the Directors of the Company for the financial period from 1 January 2020 up to the conclusion of the 17th AGM		
Ordinary Resolution 7	To approve the payment of Directors' Benefits to the Directors of the Company and its subsidiaries up to an amount of RM1,000,000 for the financial period from 1 July 2021 up to the conclusion of the 17th AGM		
Ordinary Resolution 8	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company		
Ordinary Resolution 9	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016		
Special Resolution 1	Proposed Amendment to the Constitution of the Company		

Please indicate an (X) in the space provided, how you wish your votes to be casted  
If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature of Member(s)/Common Seal

<p>The proportions of my/our holdings to be represented by my/our proxies are as follows:-</p> <p>First Proxy No. of Shares: _____</p> <p>Percentage : _____%</p> <p>Second Proxy No. of Shares: _____</p> <p>Percentage : _____%</p>
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**Notes:**

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
3. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her holdings to be represented by each proxy, failing which, the appointment shall be invalid.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) may be made in physical submission or electronic submission. The proxy form must be deposited with the Company's Share Registrar at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia or email to [admin.registrar@boardroom.com.my](mailto:admin.registrar@boardroom.com.my) or fax to +603 7890 1032. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding AGM.
7. If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.
9. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 18 May 2021 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

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**Affix  
stamp**

THE SHARE REGISTRAR OF  
**PASUKHAS GROUP BERHAD**  
[REGISTRATION NO. 200501009342 (686389-A)]  
Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam  
Selangor, Malaysia

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[www.pasukhasgroup.com](http://www.pasukhasgroup.com)

**PASUKHAS GROUP BERHAD**

[ 200501009342 (686389-A) ]  
(Incorporated in Malaysia)

DF2-11-01, Level 11, Persoft Tower,  
6B Persiaran Tropicana,  
Tropicana Golf & Country Resort,  
47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Tel : (603) 7665 6088 Fax : (603) 7665 6089  
Email : [admin@pasukhas.com.my](mailto:admin@pasukhas.com.my)