MUDAJAYA GROUP BERHAD
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MUDAJAYA GROUP BERHAD 200301003119 (605539-H)

ANNUAL REPORT 2020

MUDAJAYA GROUP BERHAD

ANNUAL REPORT 2020

ADVANCING THE FUTURE TOGETHER

AT A GLANCE

OVER **50 YEARS** OF EXPERIENCE

TOTAL REVENUE OF **RM347.7 MILLION**

ORDER BOOK AT **RM700 MILLION**

OUR PRIDE

FIRST CONSTRUCTION COMPANY IN MALAYSIA CERTIFIED FOR THE **ISO 37001: 2016** ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS), WITH ACCREDITATION FROM UNITED KINGDOM ACCREDITATION SERVICE (UKAS)

AWARDED **5-STAR** IN THE SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION FROM CIDB MALAYSIA

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

28 MAY 2020
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2020

28 AUG 2020
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2020

26 NOV 2020
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2020

24 FEB 2021
Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2020

18TH ANNUAL GENERAL MEETING

DATE:
29 JUNE 2021

TIME:
2.30 p.m.

BROADCAST VENUE:
Level 11, Menara Mudajaya

31 MAY 2021

Notice of 18th Annual General Meeting and issuance of Annual Report 2020

The online version of Mudajaya Group Berhad's **("Mudajaya")** Annual Report 2020 is available from our website. Go to **https://www.mudajaya.com** or scan the QR code with your smartphone.

ANNUAL REPORT

ADVANCING THE FUTURE TOGETHER

The cover design connotes all of Mudajaya's business segments weaved together in a cohesive and consolidated fashion.

Its core activities span across the earth, steadily, moving ahead, its long-term vision of building a foundation of resilience as the Group strives to produce sustainable growth and value for its shareholders.

ONLINE VERSION

1 Download the "QR Code Reader" on Apple App Store or Google Play Store.
2 Run the QR Code Reader app and point your camera to the QR Code.
3 Get access to our online version of Mudajaya's Annual Report 2020.

WHAT'S INSIDE
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REPORTING SCOPE AND BOUNDARIES

VISION

To be the preferred leader in the Construction, Property Development and Renewable Energy industry.

To provide good infrastructure and energy requirement to society.

Strive in looking ahead beyond expectations and goals by integrating technical excellence, commitment and leveraging on the competency of our people.

MISSION

Committed to continuously improve performance by meeting international quality standards, timely completion, customer satisfaction and enhancement of shareholders value.

Committed to improve overall to continuously attract, engage, retain and develop human capital.

WE CONTINUE TO STRENGTHEN OUR POSITION BY COLLABORATING WITH OUR KEY STAKEHOLDERS TO MEET THE CURRENT AND FUTURE CHALLENGES OF OUR BUSINESS, CREATING VALUE.

TULIP – OUR CORPORATE VALUES

The essence of Mudajaya's corporate culture is captured succinctly by the acronym, **TULIP** and signifies **FIVE DISTINCT VALUES** which guide the organisation's principles and practices in its never-ending journey for excellence. Each value is set out below:

TRUST

Trust is the basis of all good relationships, be it personal or at work. Be open, transparent & stay respectful

UNITY

Unity is strength, when there is teamwork, where people come together and collaborate, wonderful things can be achieved and success is inevitable

LEARNING

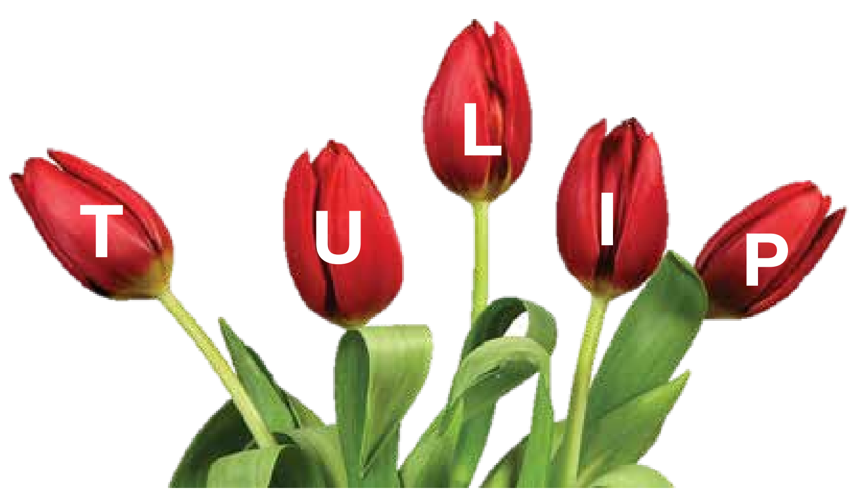
Change is the result of all true learning where there is no beginning and no end, but continuous improvement and growth. We advance together

INTEGRITY

Consistency in our actions, values, methods, measures & principles, expectations and outcomes

PROGRESSION

Success is the progressive realisation of a worthy goal or ideal, step up to challenges



REPORTING SCOPE AND BOUNDARIES

MUDAJAYA GROUP PROFILE

MUDAJAYA GROUP BERHAD ("MUDAJAYA" OR THE "COMPANY") AND ITS SUBSIDIARIES ARE PRIMARILY INVOLVED IN CONSTRUCTION, PROPERTY DEVELOPMENT, POWER, MANUFACTURING AND TRADING. CONSTRUCTION, UNDERTAKEN BY MUDAJAYA CORPORATION BERHAD ("MCB"), IS THE MAIN CONTRIBUTOR TO THE GROUP'S REVENUE. MCB IS INVOLVED IN GENERAL CONSTRUCTION, IN PARTICULAR CIVIL ENGINEERING AND BUILDING CONSTRUCTION ON BOTH DESIGN AND BUILD, AS WELL AS CONVENTIONAL CONSTRUCTION, CONTRACTS FOR GOVERNMENT, QUASI-GOVERNMENT AND THE PRIVATE SECTOR.

The Mudajaya Group has been involved in a portfolio of contracts (some of which were on joint venture basis) of national relevance, including critical infrastructures such as highways, roads, bridges, power stations, buildings, infrastructure, marine structures, dams and retaining structures, water supply works, drainage and sewerage works.

In fulfilling our purpose of 'Advancing the Future Together', we continue to be committed to progress towards building a more dynamic future for all. The Group remains optimistic of its current market position as well as its future prospects with a strong financial base, experienced management and skilled workforce. Our positive outlook is reinforced by our capacity to design and build, our expertise in power plants and tall chimneys, the potential to diversify and a good business strategy. Collectively, these strengths will put us in good stead to further excel in the business undertaken by the Group.

At Mudajaya, we believe in collaboration as a team - within the organisation as well as with our valued clients - we can step together to meet current and future challenges with confidence, energy and determination.

REPORTING SCOPE AND BOUNDARIES

ABOUT THIS REPORT

This report focuses on the sustainability strategy, current performance and future plans of the Group; namely on the material Economic, Environmental, Social and Governance aspects of business operations. Utilising this format of reporting represents the Group's commitment to transparency and quality disclosures on our business performance and our ability to create value for our multiple stakeholders. This report aligns with the content elements suggested by the International Integrated Reporting Council (IIRC) and includes components such as consistency and comparability, strategic focus and future orientation. This report includes both financial and non-financial performance indicators. Our objective is to provide an innovative and effective way to communicate the Group's ability to create value in a sustainable manner over time as we continue to embed integrated thinking into all our decision-making processes that drive positive change.

Over the last three years, our annual integrated reports have incorporated our sustainability results with the strategy for our business. In developing this report, we considered input from our many stakeholders as we continued to work on strengthening our strategy formulation and data collection processes and mechanisms. This 2020 report serves as a communications tool and provides a perspective on the issues that matter to our stakeholders; both in the near-term as well as long-term.

Our financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. We also adhered to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and their Sustainability Guidelines, as well as the Malaysian Code on Corporate Governance 2017 released by the Securities Commission.

REPORTING SCOPE AND BOUNDARY

This integrated annual report covers Mudajaya Group's financial and non-financial performance for the year 1 January 2020 to 31 December 2020. This report covers information on our operations of Mudajaya Group Berhad, as well as our core sectors including construction, property development, power, manufacturing and trading. The scope includes our Group performance in the context of governance, risks, opportunities, prospects and sustainability.

As we transition into our third year of integrated reporting, we have taken great care in providing accurate data and information to the best of our knowledge and ability. We continue with our efforts to influence sustainability practices along our value chain and we intend to extend them significantly in the years to come.

MATERIALITY DETERMINATION

Materiality determination remains a critical element in defining the strategies that we deploy towards value creation. Mudajaya conducted a 2018 materiality assessment and prioritisation exercise on sustainability issues using interviews and surveys of all key stakeholder groups. The issues ranged from material issues on the Group's business operations, and issues that the stakeholders regarded as important and expected from the organisation. The process of materiality assessment was conducted based on prescribed guidelines of the Global Reporting Initiative ("GRI") Standards.

The Board, specifically the Audit and Risk Committee, maintains its central role in continuously evaluating the Group's current and emerging risks as well as opportunities for growth and expansion.

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding our business operations and strategies may constitute forward-looking statements and can be identified by words such as 'believes' 'anticipates', 'expects', 'intends', 'may', 'will', 'plan' or any other words of similar meaning which indicate a future operating or financial performance. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting our stakeholders understand our financial position, objectives and priorities.

Such statements are necessarily dependent on assumptions, methods or data that may later be imprecise or incorrect and as such are not guaranteed to be an indicator of future results. Instead, these constitute our expectations based on reasonable assumptions and may change as a result of unexpected events, risks, uncertainties or other factors.

STATEMENT OF THE BOARD OF DIRECTORS OF MUDAJAYA GROUP

The Board acknowledges responsibility for the presentation, integrity and completeness of the Integrated Report. The Board confirms that it has collectively reviewed the content of the Integrated Report and is satisfied that this Integrated Report is a fair representation of the performance of the Group for the year under review.

REPORTING PRINCIPLES

The information documented in this report is based on the principles mentioned below:

MUDAJAYA
GROUP BERHAD

BALANCED INFORMATION

We have attempted to share information on our successes as well as challenges during the reporting year. We strongly believe that balanced information will help our stakeholders to evaluate our performance holistically.

TRANSPARENCY

Transparency in business is a driver for exponential progress and promotes all-round satisfaction to all stakeholders. Thus, we have included disclosures providing our stakeholders with a clearer understanding of our businesses and our value proposition. As we continue to meet all compliance requirements, we continuous improving on the quality of our reporting.

COMPARABILITY

As with our previous two Integrated Reports, wherever possible we have also included data for a minimum of two (2) years to allow for comparisons and to reflect on our progress year-on-year. Comparability will allow our stakeholders to more accurately assess the Group's development and its future aspirations.

STAKEHOLDER ENGAGEMENT & MATERIALITY

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT IS A NECESSARY COMPONENT OF SUSTAINABLE, LONG-TERM BUSINESS SUCCESS, AND WE MUST PROACTIVELY ADDRESS THE NEEDS AND INTERESTS OF EMPLOYEES, CUSTOMERS, SUPPLIERS AND THE WIDER COMMUNITY IN ORDER TO EFFECTIVELY BUILD TRUST AND COMMUNICATION.

The COVID-19 pandemic has changed our daily lives and business operations; in which working from home has become the 'new normal' for us and many other businesses. Our stakeholder engagement exercises have incorporated this new normal whilst face-to-face meetings, trainings and conferences have now gone virtual. Our investor briefings, annual general meeting, staff trainings and meetings with customers and suppliers have also been carried out virtually since the first MCO by following and respect the Government SOP diligently.

Below is a list of our priority stakeholders, the different modes and frequency of our engagement and the top concerns raised by each of the stakeholder groups.

STAKEHOLDERS	MODE OF ENGAGEMENT & FREQUENCY
CUSTOMERS & PARTNERS	• Meetings (Quarterly)
EMPLOYEES	• Townhalls (Quarterly); • Management-Staff Reviews (Monthly); • Appraisals (Yearly); • Internal Employee Gatherings/ Events (Monthly); and • External Focus Group Discussion (Yearly)
REGULATORS & POLICY MAKERS	• Meetings (Quarterly & Yearly)
SUPPLIERS	• Performance Reviews (Half-yearly); and • Procurement Processes (Half-yearly)
COMMUNITIES	• Events & Participation Co-organised (Bi-monthly)

STAKEHOLDER ENGAGEMENT & MATERIALITY

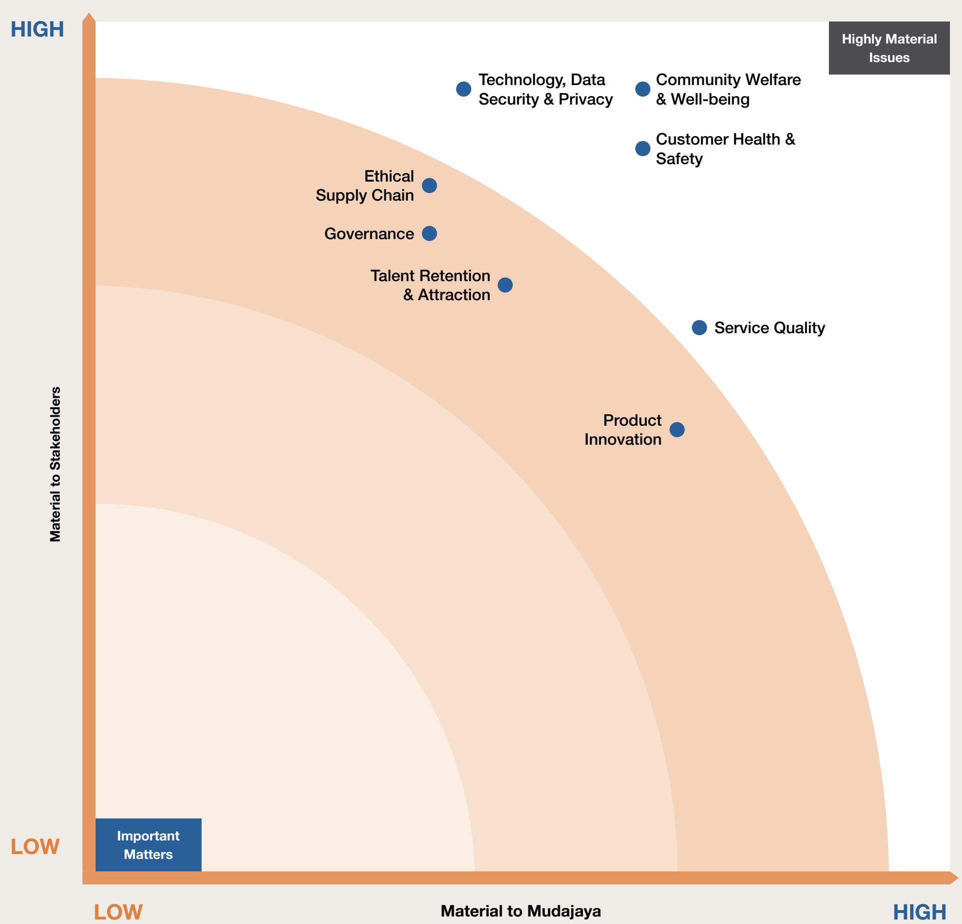
MATERIAL TOPICS AND OUR RESPONSE

EVALUATION OF MATERIALITY ASSESSMENT IS A VITAL PART OF OUR SUSTAINABILITY REPORTING EXERCISE. THE PROCESS ALLOWS US TO BETTER ALIGN OUR REPORTING CONTENT TO VARIOUS STAKEHOLDERS' AREAS OF INTEREST WHILE DEFINING OUR BOUNDARIES.

In FY2018 we had conducted a material assessment exercise with our various stakeholders and based on their feedback, we have identified 25 material topics. We have reviewed our materiality matrix every year against the changing business landscape, emerging trends, regulatory developments as well as insightful stakeholder feedback to ensure we are responding to the issues that have the greatest impact on our business and stakeholders.

In FY2020, we revisited and reassessed the material matters based on our internal material assessment and decided to retain all the eight (8) material topics. However, due to COVID-19, there are three (3) areas that have moved up on the materiality matrix, namely:

i) Community Welfare & Well-Being
ii) Technology, Data Security & Privacy and
iii) Customer Health & Safety



STAKEHOLDER ENGAGEMENT & MATERIALITY

IDENTIFIED TOP 8 MATERIAL TOPICS	STRATEGIC LINK TO OUR BUSINESS	RISKS AND OPPORTUNITIES	OUR LONG-TERM STRATEGIES
1. **TALENT RETENTION & ATTRACTION** (Compensation and Remuneration; Engagement; Training & Development) **Capital Inputs:** Financial Capital Human Capital	Talent is extremely critical to seamless delivery of business objectives. Skill-gaps, talent crunch and productivity of talent can directly impact the performance of the organisation, as well as its ability to attract new talent as an employer.	**Risk** Impacts Group's productivity and performance. **Opportunity** Talent retention and attraction through attractive career prospects and employee development policies, positioning Mudajaya as an employer of choice.	• To develop the organisation's brand to attract more experienced and dynamic workforces. • To benchmark with other similar industries to remain competitive in terms of compensation and remuneration.
2. **SERVICE QUALITY** **Capital Inputs:** Intellectual Capital Human Capital	Quality of products and services are important in instilling trust amongst our stakeholders and earning credibility for long-term reputation as a business committed to excellence. Poor quality can negatively affect customer/ stakeholders' disposition towards the organisation and its services.	**Risk** Bad reputation and loss of credibility in the industry. **Opportunity** Strengthen customer loyalty and secure repeat business.	We take pride in our commitment to quality in construction work, materials used and workmanship. **CONSTRUCTION & PROPERTY** • To ensure good understanding and full compliance of project specifications. • To provide necessary training to all our technical staff, covering knowledge of latest technologies. • To comply with QLASSIC quality standards and apply for QLASSIC Assessment for our building projects. • To comply with ISO 9001:2015 and maintain Quality Management System ("QMS") Certification. **POWER** • To engage with relevant authorities, strengthen relationships and collaborate where possible. • To ensure our plants are operating at optimum levels and in compliance with the contracts. • To promote sustainable and renewable energy/green technology. **MANUFACTURING** • To upgrade in-house laboratory to SAMM Laboratory accreditation base on ISO/IEC 17025. • To maintain ISO 9001:2015 Certification. • To ensure compliance with approved Standard Operating Procedures ("SOPs") via verification by independent Certification Body.

STAKEHOLDER ENGAGEMENT & MATERIALITY

IDENTIFIED TOP 8 MATERIAL TOPICS	STRATEGIC LINK TO OUR BUSINESS	RISKS AND OPPORTUNITIES	OUR LONG-TERM STRATEGIES
3. GOVERNANCE (Regulatory Compliance; Industry Thought Leadership) **Capital Inputs:** Intellectual Capital	Principles of good governance help to protect the integrity of the organisation and its people, while safeguarding the business against ill-practices and non-compliance with laws and regulations.	**Risk** Losing license to business or financial losses due to regulatory fines and sanctions. **Opportunity** Build reputation that can help forge new business partnerships.	• To ensure the principles and best practices of good corporate governance are applied throughout the Group's operations, in keeping with the prescriptions of the Malaysian Code on Corporate Governance 2017. • Comply with the current regulators' requirements in construction, property development, power and manufacturing segments. • To ensure compliance with the Anti-Bribery Management Systems ("ABMS") requirement under ISO 37001.
4. ETHICAL SUPPLY CHAIN **Capital Inputs:** Manufactured Capital Human Capital	Ethical, fair and transparent supply chain management including selection of sustainable suppliers and support for local suppliers. This is important to ensure suppliers are competent to deliver to organisation's expectation of quality.	**Risk** Negative reputational impact, poor project performance and regulatory fines and sanctions. **Opportunity** Create income opportunities and also improve performance through quality and diverse selection of suppliers.	The Group has adopted a centralised procurement system; with approved SOPs that are in compliance with ISO standards. • To select suppliers or contractors with consideration of the price/experience & expertise/sufficient resources and strong financial positions, in addition to various sustainability considerations. • To reassess the performance of the suppliers or contractors from the approved suppliers or contractors list every 6 months. • To conduct Pre-Q exercise for potential suppliers or contractors. • To evaluate new suppliers or contractors based on the criteria as specified in the Evaluation Form before recommending to the Managing Director and/or tender committee for approval. • To continuously source for new suppliers or contractors to ensure on-time delivery of goods or services and maintain a good reputation of the Group.

STAKEHOLDER ENGAGEMENT & MATERIALITY

IDENTIFIED TOP 8 MATERIAL TOPICS	STRATEGIC LINK TO OUR BUSINESS	RISKS AND OPPORTUNITIES	OUR LONG-TERM STRATEGIES
5. COMMUNITY WELFARE & WELL-BEING **Capital Inputs:** Relationship Capital Human Capital Financial Capital	Responsible corporate citizens earn more credibility and successfully instil a sense of pride in association amongst employees and stakeholders, contributing to the overall reputation and business.	**Risk** Poor ad-hoc adoption and implementation affecting Group's reputation. **Opportunity** Shape favourable employee, stakeholder, and community perceptions.	We provide financial assistance to support various Community Engagement programmes, with a focus on education and the underprivileged or disadvantaged members of the society. • To allow annual budget for Corporate Social Responsibility ("CSR") activities. • To encourage employee volunteerism. We are committed to environmental and waste management through "Reduce, Reuse & Recycle". • To consider environmental impact on activities with appropriate preventive actions and implementation of best environmental practices. We strongly advocate 'Good Health and Safety' culture in our workplace. • To comply with Health, Safety and Environment legislations. • To familiarise all employees and stakeholders with training, information and facilities available. We also promote Community Living via property development. • To prioritise amenity facilities such as park/bus stop/ market/town square for events in the township.
6. TECHNOLOGY, DATA SECURITY & PRIVACY **Capital Inputs:** Financial Capital Intellectual Capital	Managing customers' data privacy and continuously strengthening its capability in cyber security.	**Risk** Data leaks, breach of customer confidentiality. **Opportunity** Strengthen trust amongst customer/ stakeholder relationships and Mudajaya's safe and secure technology platforms.	We respect compliance to Personal Data Protection Act ("PDPA"). • To adhere strictly to protect data and information under the non-disclosure agreement. • To take stern disciplinary action to those who compromise data leakage and breach of customers' confidentiality.

STAKEHOLDER ENGAGEMENT & MATERIALITY

IDENTIFIED TOP 8 MATERIAL TOPICS	STRATEGIC LINK TO OUR BUSINESS	RISKS AND OPPORTUNITIES	OUR LONG-TERM STRATEGIES
7. CUSTOMER HEALTH & SAFETY **Capital Inputs** Intellectual Capital Human Capital	Systematic efforts in ensuring that its products and services are safe for consumers reinforce Mudajaya's commitment to quality and excellence.	**Risk** Bad reputation and poor customer loyalty. **Opportunity** Positioning of customer-centric solutions to grow business.	**ENFORCEMENT OF HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM** • To comply with Environmental Management System (ISO 14001:2015) and Occupational Health and Safety Management System (ISO 45001:2018) in our business units. **CONSTRUCTION** • To ensure all the safety personnel are competent and well trained. • Safety team should be independent and report directly to project director & directly access to senior management (commitment and responsibility of safety flow from top management to bottom). **POWER** • To engage with third party consultant to regularly check on critical equipment and system at our solar plants and thermal plants. **PROPERTY** • To set up an efficient pre-management team to ensure safety & cleanliness of the projects. • To prioritise on safety and environmental consideration during the design development phase. **MANUFACTURING** • To obtain approval from consultant or client on production materials. • To obtain approval from customers on transportation plan before delivery.
8. PRODUCT INNOVATION **Capital Inputs:** Manufactured Capital Intellectual Capital Financial Capital	Development and introduction of new products to meet the dynamic needs of the customers. Keep pace with technology advancements that will reflect and reinforce Mudajaya's competitiveness.	**Risk** Loss of competitive edge and market position. **Opportunity** Value creation for both the industry and the customers through innovative solutions.	**CONSTRUCTION** • To optimise the design to improve productivity and efficiency in construction. • To explore and invest in new technology. **POWER** • To continuously improve Operation & Management methodology and adopt latest technology in new plants. **PROPERTY DEVELOPMENT** • To promote eco-living, green sustainable living, eco-friendly environment. **MANUFACTURING** • To explore new technology for concrete design mix in order to improve the cycle time for better concrete quality.

STAKEHOLDER ENGAGEMENT & MATERIALITY

For each of the eight (8) material topics we are continuously reviewing and deliberating on the following issues that determine our management approaches, strategies and actions:

- ✓ Strategic link to our business;
- ✓ The risks and opportunities;
- ✓ Our long-term strategy;
- ✓ The key performance indicators;
- ✓ Targets towards 2020; and
- ✓ Progress year on year.

As in FY2018, we had identified top line approaches based on these material topics and the risks or opportunities in relation to them. Over the past two years, we have been making steady progress towards improving our narratives with clearly defined strategies and mitigation efforts to achieve positive economic, social and environmental impacts.

Based on our evaluation of the governance of various material topics as well as the current policy support that we have in place, we have devised various mitigation strategies. Below are the key enablers of the eight material topics which the Group will focus on in the long run.

MATERIAL TOPICS	CURRENT ENABLERS
Talent Retention & Attraction	• Talent and Training Policy • Performance Management Plan • Staggered & Flexible Worktime Arrangements • Staff Welfare Policies and Programmes • Annual Staff Engagement Platforms and Surveys
Service Quality	• Quality Management System • ISO 9001:2015 certification
Governance (Regulatory Compliance; Industry Thought Leadership)	• Internal control and compliance framework • ISO 37001:2016 ABMS
Ethical Supply Chain	• Procurement and Supplier Assessment Policy • Supplier Code of Conduct
Community Welfare & Well-being	• Staff Education and Volunteerism Policy
Technology, Data Security & Privacy	• Management Information System ("MIS") Policy & Procedure • Personal Data Protection Act 2010 of Malaysia
Customer Health & Safety	• Health, Safety & Environment Management System • Green and Sustainable Project Portfolio Development • Project-specific Environmental Management Plan • Waste Management Plan
Product Innovation	• Experienced and competent technical team

INTEGRATED THINKING

We understand that integrated reporting promotes integrated thinking and is fundamental to the way we do business. This cohesiveness will promote the flow of information and result in a more efficient and productive allocation of capital which in turn, will drive our performance and growth. As we strategise how these capitals are deployed on the back of favourable market conditions, our robust risk management framework, and our corporate values, we are able to create value and increase understanding of our performance for all our stakeholders.

Manufactured Capital

Manufactured Capital are the physical assets, products and services of the Group and encompass landbanks, township, commercial space, solar photovoltaic plants, concrete precast production and construction works. As we strive to provide seamless delivery of our products and services, we depend on the competency of our people, efficiency of the equipment, tools and transportation as well as quality materials.

Financial Capital

Financial Capital refers to the Group's existing financial resources which are generated either through business operations or via its shareholder funds. As we continue to manage our four core businesses namely construction, property, power as well as trading, manufacturing and others, we are able to generate income to sustain and grow the organisation. A stable financial capital base provides us with the opportunity to consistently invest in potential opportunities for growth and expansion, stakeholder engagement and talent development; while also fulfilling our responsibility to the community.

Human Capital

Human Capital is the heart and soul of any organisation and drives business productivity, enhances customer relationships, and allows business growth. Whether directly or indirectly, all decisions, financials and systems are strategically aligned to ensure that the organisations human talent is central to all aspects of its operations. At Mudajaya, we place high value on this key organisational asset and we want to ensure their work has meaningful impact not only to us, but to the community as well. Employee experience and engagement are our main priorities in nurturing highly skilled and adept professionals; as investing in human capital will pay off in terms of higher productivity and in turn ensure efficient business operations and growth.

Social Capital

Social Capital refers to the relationships that make our organisation run effectively and include various stakeholders such as employees, shareholders, regulators, customers, suppliers and the communities in which we operate. We continue to invest in strengthening our relationships with these various stakeholders based on trust and integrity in order to enhance individual and collective wellbeing; recognising that social capital is vital to our business' success.

Natural Capital

Natural Capital refers to all renewable and non-renewable environmental resources and processes that we utilise while delivering our solutions and we realise that an organisation would not be able to prosper without due consideration for its impact on the environment. The Group's construction and property sectors are highly dependent on the existing natural landscape in developing projects which are of great importance for human and natural habitats. As a responsible business, we strive to operate using environmentally friendly practices and technologies in order to minimise our direct impact on the environment and resources.

Intellectual Capital

Intellectual Capital refers to our decades of industry experience and expertise, our credible brand as well as our knowledge; which combine to contribute to our evolution as a successful business. The Group's reputation grows and is reinforced through our bespoke and purpose-built construction, property and power plant projects. We continue to uphold and demonstrate our strengths and capabilities in all our core sectors and are supported by our recognised subsidiaries.

VALUE CREATION BUSINESS MODEL

OUR VALUE CREATION MODEL

INPUTS (CAPITAL RESOURCES)		LEVERAGES
MANUFACTURED	Land bank of **66.3 acres** & fixed assets worth **RM 123.1 million** **1 TOWNSHIP & 4 POWER PLANTS**	**ASSETS MANAGEMENT** Diversify specific assets which are able to deliver more stable income
FINANCIAL	Total assets of **RM 1.2 billion** **RM 149.8 million** of shareholders' funds	**FINANCIAL MANAGEMENT** Maintain no-dividend policy and proposed to conserve cash by reducing debts and monetising current as well as future assets
HUMAN	**770** total number of contract and permanent employees **61 TRAINING PROGRAMMES** with a total of **567.5 hours**	**EMPLOYEE ENGAGEMENT** Encourage teamwork and open-dialogue session with higher level management to promote productivity, performance and improving motivation level
SOCIAL	Collaborated with **NOT LESS THAN 11 regulatory authorities & government agencies**	**CORPORATE SOCIAL RESPONSIBILITY** Promote volunteerism, corporate social responsibility and active participation in community services by rewarding off-days or work leaves
NATURAL	Governed project sites with stringent policies on **ENVIRONMENTAL PROTECTION** Policies incorporated for environmental management	**ENVIRONMENTAL STEWARDSHIP** Strengthen internal ISO 14001:2015 by abiding to local environmental regulations and compliance requirements
INTELLECTUAL	Over **50 years** of experience in **GENERAL CONSTRUCTION** with **30 years** experiences in **POWER GENERATION** Fully functional in-house technical and O&M capabilities for solar plants	**BRANDING ENHANCEMENT** Improving reputation through our commitment to our stakeholders

VALUE CREATION BUSINESS MODEL

OUR VALUE CREATION MODEL IS DESIGNED TO ADDRESS THE SIGNIFICANT CAPITALS (AS INPUTS) AND MATERIAL TOPICS IN CONTEXT OF VALUE CREATION FOR OUR MULTIPLE STAKEHOLDERS.

MUDAJAYA'S CORE BUSINESSES

- CONSTRUCTION
- PROPERTY DEVELOPMENT
- POWER
- MANUFACTURING, TRADING & OTHERS

TREND	MATERIAL TOPICS	
Urbanisation	Financial	Market
Industrialisation	Environmental, Safety & Health	Development Strategy
Economic Growth	Project Development & Execution	Talent & Resource Management
Financial	Utilities & Supply	

STRATEGIES PRIORITIES IN 2020

1. UNLOCKING ASSET VALUES
2. SUSTAINING GROUP PERFORMANCE
3. DIVERSIFYING KEY ASSETS
4. DEVELOPING STRATEGIC PARTNERSHIPS

OUTPUT

Manufactured Capital

Completed and on-going mega projects in **construction** and **power sectors** with a total contract sum of > **RM4.6 billion**

Financial Capital

RM347.7 million of revenue reported with net cash generated form operation of **RM81.6 million** in FY2020

Human Capital

Call tree communications and updates during MCO, CMCO and RMCO, departmental online meetings, virtual briefings

Social Capital

Various **CSR events/programmes & Industrial Talk** carried out in current year

Natural Capital

SOLAR FACILITY:

- Produced approximately **100Gwh** of clean and renewable energy and
- Eliminated over **55,000 metric ton** of CO_2 per annum

Intellectual Capital

AWARDS GRANTED:

Focused Recognition Award for good performance from Petronas, **IFAWPCA Silver Medal for Civil Engineering Construction** from International Federation of Asian and Western Pacific Contractors' Associations, **Anugerah Kecemerlangan Industri Pembinaan Malaysia** ("MCIEA") & **Anugerah IBS** from Lembaga Pembangunan Industri Pembinaan Malaysia ("CIDB")

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' YUSLI BIN MOHAMED YUSOFF
Independent Non-Executive Chairman

IR. JAMES WONG TET FOH
Group Managing Director & Chief Executive Officer

LEE ENG LEONG
Non-Independent Executive Director

CHEW HOY PING
Senior Independent Non-Executive Director

DATO' AMIN RAFIE BIN OTHMAN
Independent Non-Executive Director

DATO' WONG PENG CHONG
Independent Non-Executive Director
(Resigned on 13 May 2021)

AUDIT COMMITTEE
Chew Hoy Ping
(Chairman)
Dato' Yusli Bin Mohamed Yusoff
Dato' Amin Rafie Bin Othman

COMBINED NOMINATION AND REMUNERATION COMMITTEE
Dato' Amin Rafie Bin Othman
(Chairman)
Dato' Yusli Bin Mohamed Yusoff
Chew Hoy Ping

RISK MANAGEMENT COMMITTEE
Chew Hoy Ping
(Chairman)
Dato' Yusli Bin Mohamed Yusoff
Ir. James Wong Tet Foh

INVESTMENT COMMITTEE
Dato' Amin Rafie Bin Othman
(Chairman)
Chew Hoy Ping
Ir. James Wong Tet Foh
Lee Eng Leong

OPTIONS COMMITTEE
Ir. James Wong Tet Foh
(Chairman)
Lee Eng Leong

COMPANY SECRETARIES
Lee Suan Choo (MAICSA 7017562)
(SSM PC No. 202008003634)
Cheah Wai Yuen (MAICSA 7025907)
(SSM PC No. 202008002515)

REGISTERED OFFICE
PH1, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7806 7899
Fax No : (603) 7806 7900

SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7890 4700
Fax No : (603) 7890 4670
Helpdesk Email:
BSR.Helpdesk@boardroomlimited.com

AUDITORS
KPMG PLT
Chartered Accountants

PRINCIPAL BANKERS
AmBank Islamic Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name : MUDAJYA
Stock Code : 5085

WEBSITE ADDRESS
www.mudajaya.com

INVESTOR RELATIONS
Email : info@mudajaya.com
Tel No : (603) 7806 7899

THE OFFICE CLUB @ MENARA MUDAJAYA

The Office Club at Menara Mudajaya was conceptualized upon the realization that there is a gap in the supply of hybrid office spaces catered to successful start-up companies which previously worked from a co-working office. This idea was well received and the spaces in Phase 1 was snapped up upon its launch in 2H/2019.

Video conferencing facilities, shower and nap room are one of the facilities offered at the Office Club for flexible working concept

The Office Club at Level 12, Menara Mudajaya is conceptualised in respond to the need for small and exclusive co-working spaces in the city

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

CHEW HOY PING	LEE ENG LEONG	DATO' YUSLI BIN MOHAMED YUSOFF	IR. JAMES WONG TET FOH	DATO' WONG PENG CHONG	DATO' AMIN RAFIE BIN OTHMAN
Senior Independent Non-Executive Director	Non-Independent Executive Director	Independent Non-Executive Chairman	Group Managing Director & Chief Executive Officer	Independent Non-Executive Director *(Resigned on 13 May 2021)*	Independent Non-Executive Director

DIRECTORS' PROFILE

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Chairman

Malaysian, Male, Aged 62

Dato' Yusli graduated with a Bachelor of Economics Degree from University of Essex, England and qualified as a member of the Institute of Chartered Accountants in England & Wales. He is a member of the Malaysian Institute of Accountants.

Dato' Yusli began his career with Peat Marwick Mitchell & Co. in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011 and he also serves as a member of the Risk Management Committee, Audit Committee, and Combined Nomination and Remuneration Committee.

Dato' Yusli's directorships in other listed issuers are AirAsia X Berhad, Westports Holdings Berhad, FGV Holdings Berhad (as Independent Non-Executive Deputy Chairman) and KPJ Healthcare Berhad (as Independent Non-Executive Chairman). His directorships in non-listed public companies are Australasia Resources and Minerals Berhad, and Malaysian Institute of Corporate Governance.

DIRECTORS' PROFILE

IR. JAMES WONG TET FOH

Group Managing Director & Chief Executive Officer

Malaysian, Male, Aged 60

Ir. James Wong graduated with a Bachelor of Science (1st Class Honours) in Civil Engineering in 1984 and a Master of Science in 1985 from Imperial College of Science, Technology & Medicine, United Kingdom. He also completed a Master of Business Administration (Finance) Programme from Nottingham University Business School in 2015.

He attained his Professional Engineer registration with the Board of Engineers Malaysia (BEM) in 1989 after having spent the first 5 years of his career with a forensic engineering consultancy firm specialising in distressed buildings or infrastructure works covering the fields of geotechnical, structural and material investigations.

He joined the UEM Group of Companies in 1989 where he served for 21 years in various capacities such as Chief Operating Officer for UE Construction Sdn. Bhd. (2002-2004) and Director of International Projects for UEM Builders Berhad (2004-2009). His stint with UEM covered projects in India, Middle East, Indonesia and Singapore. In 2009, he moved to Lafarge Concrete (M) Sdn. Bhd. as Vice President of Marketing and Strategy (Asia). Prior to joining Mudajaya, he served as Business Development Director of IJM Corporation Bhd and subsequently as Managing Director of IJM's toll highway concession asset companies in Malaysia and India.

Ir. James Wong joined the Board of Mudajaya as Executive Director and served as Managing Director of Mudajaya Corporation Berhad on 2 May 2014. He was appointed the Group Managing Director & Chief Executive Officer of Mudajaya on 1 April 2015.

Ir. James Wong serves as Chairman of the Options Committee as well as a member of the Risk Management Committee and Investment Committee.

Ir. James Wong's directorship in non-listed public company is Mudajaya Corporation Berhad. He has no directorships in other listed issuers.

DIRECTORS' PROFILE

LEE ENG LEONG

Non-Independent Executive Director

Malaysian, Male, Aged 53

Mr. Lee is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He attained his INSEAD Global Executive Master of Business Administration (MBA) in 2018.

Mr. Lee was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer for Microsoft, a major global company where he oversaw their finance operations covering the Asia region. For over 20 years, he has held various leadership roles in management positions within both local companies and multi-national companies in Asia.

Mr. Lee was appointed as Alternate Director to Mr. Lee Seng Huang on 17 October 2012. Subsequently, he was appointed as Deputy Chief Executive Officer of Mudajaya on 1 January 2015. On 2 December 2016, Mr. Lee was appointed as Executive Director of Mudajaya.

Mr. Lee serves as a member of the Investment Committee and Options Committee.

Mr. Lee's directorships in other listed issuers in Malaysia are Mulpha International Bhd and Thriven Global Berhad. His directorship in non-listed public company in Malaysia is Mudajaya Corporation Berhad.

CHEW HOY PING

Senior Independent Non-Executive Director

Malaysian, Male, Aged 63

Mr. Chew is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew had a professional career with PricewaterhouseCoopers **("PwC")** starting in 1976 and spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he was engaged in a diverse range of professional work encompassing auditing, corporate finance and business recovery services. He held leadership roles in PwC in various capacities including the chair of its financial advisory services for the Asia Pacific region, as well as in risk, governance and management functions. Mr. Chew also had work secondment experiences with PwC Houston, Texas (1982-1984) and with Bank Negara Malaysia (1986-1988).

Mr. Chew was appointed to the Board on 1 January 2015 and he also serves as Chairman of the Audit Committee and Risk Management Committee as well as a member of the Investment Committee, and Combined Nomination and Remuneration Committee.

Mr. Chew is currently an Independent Non-Executive Director of Carlsberg Brewery Malaysia Berhad and Mulpha International Bhd where he is the Chair of their respective Audit Committees. He also sits on the Board of GE-Shen Corporation Berhad where he is a member of its Audit Committee. He has no directorships in non-listed public companies in Malaysia.

DIRECTORS' PROFILE

DATO' WONG PENG CHONG

Independent Non-Executive Director

(Resigned on 13 May 2021)

Malaysian, Male, Aged 77

Dato' Wong graduated with a Bachelor of Arts (Honours) from University of Malaya.

Upon his graduation from the University of Malaya in 1967, Dato' Wong joined the Malaysian Foreign Service and has served with several Malaysian diplomatic missions overseas in various capacities. He joined the private sector in 1985 and has served in various senior management positions, including executive directorships in public listed companies in Hong Kong and Malaysia.

Dato' Wong was appointed as the Executive Director of China Medical & Healthcare Group Limited, a company listed on The Stock Exchange of Hong Kong Limited on 15 March 2002 and has been redesignated as a Non-Executive Director since 1 September 2018. He was the Vice President of Alibaba Pictures Group Limited from 4 July 2007 to 9 December 2009; an Executive Director of Landing International Development Limited from 13 October 2009 to 21 January 2010; and a Non-Executive Director of Pan Asia Data Holdings Inc. from 12 June 2014 to 31 December 2018. He was a Director of Mabuhay Holdings Corporation from 23 June 2009 to 27 July 2017; and IRC Properties Inc. from 6 November 2009 to 27 July 2017, companies listed on The Philippine Stock Exchange Inc. He was also a Director of Asia Development Capital Co. Ltd, which is listed on the Tokyo Stock Exchange from 26 June 2015 to 29 September 2020.

Dato' Wong was appointed to the Board on 22 December 2020 and he also served as Chairman of the Risk Management Committee as well as a member of the Audit Committee, Investment Committee, and Combined Nomination and Remuneration Committee. Dato' Wong subsequently resigned from the Board on 13 May 2021.

Dato' Wong has no directorships in other listed issuers or non-listed public companies in Malaysia.

DATO' AMIN RAFIE BIN OTHMAN

Independent Non-Executive Director

Malaysian, Male, Aged 61

Dato' Amin graduated with a Degree in Economics and International Politics from University College of Wales, Aberystwyth and a Master of Business Administration Degree in Export Management and International Business from City University Business School, United Kingdom.

Dato' Amin is currently the Director of Corporate Affairs of Medika Natura Sdn Bhd. He was formerly the Deputy Chairman and Senior Independent Non-Executive Director of WZ Satu Berhad. In a career spanning over 30 years, Dato' Amin has served as the Independent Non-Executive Director of MYP Ltd, a company listed on the Singapore Stock Exchange. He was the Managing Director of Dubai Group Sdn. Bhd., Rio Capital Sdn. Bhd. and PJB Capital Sdn. Bhd.; Chief Executive Officer of Maybank Investment Management Sdn. Bhd.; Executive Director of Smith Zain Securities Sdn. Bhd.; and Senior General Manager and a Director of RHB Asset Management Sdn. Bhd. He was also the past President of the Malaysian Association of Asset Managers and a member of the Listing Committee of Bursa Malaysia Securities Berhad.

Dato' Amin was appointed to the Board on 22 February 2018 and he also serves as Chairman of the Combined Nomination and Remuneration Committee, and Investment Committee as well as a member of the Audit Committee.

Dato' Amin has no directorships in other listed issuers or non-listed public companies.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any director and/or major shareholder of Mudajaya.
2. **Conflict of Interest**
   None of the Directors has any conflict of interest with Mudajaya.
3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.
4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2020 is disclosed in the Corporate Governance Overview Statement.

SENIOR MANAGEMENT'S PROFILE

IR. ANTHONY TEOH TEIK THIAM

Deputy Chief Executive Officer, Mudajaya Group Berhad

Managing Director, Mudajaya Corporation Berhad

Malaysian, Male, Aged 52

Ir. Anthony Teoh Teik Thiam was appointed as Executive Director of Mudajaya Corporation Berhad on 1 February 2015. He joined Mudajaya Corporation Berhad in January 2014 as Director of Construction and he was subsequently promoted as the Deputy Chief Executive Officer of Mudajaya Group Berhad and Deputy Managing Director of Mudajaya Corporation Berhad on 1 January 2018. On 1 May 2020, he was redesignated as Managing Director of Mudajaya Corporation Berhad.

Ir. Anthony Teoh graduated with a Bachelor of Engineering (1st Class Honours) Degree in Civil Engineering in 1993 from University of Malaya. He attained his Professional Engineer registration with the Board of Engineers Malaysia in 1997 after having worked 4 years in both design office and project implementation. He is also a corporate member of The Institution of Engineer, Malaysia.

He started his career as a Design Engineer with Gamuda Berhad in 1993 and has served as Section Head from 1997 to 1999. He joined Zelan Construction Sdn. Bhd. as Technical Manager in 1999 and has since been involved in various infrastructure projects in Malaysia, India and Indonesia as Project Manager and Project Coordinator. He was the General Manager of Zelan Construction Sdn. Bhd. from 2007 to 2009. He joined Macrobro Sdn. Bhd. as Head of Commercial from 2009 to July 2011 where he was involved in business development for new ventures in China and Australia as well as property development opportunities in Malaysia. Prior to joining Mudajaya, he was the Country Director for IJM India involved in the construction, real estate development and tollway business.

Ir. Anthony Teoh's directorship in non-listed public company is Mudajaya Corporation Berhad. He has no directorships in any listed issuers.

ANG KENG HONG

Executive Director of Construction, Mudajaya Corporation Berhad

Malaysian, Male, Aged 52

Mr. Ang Keng Hong joined Mudajaya Corporation Berhad in April 2014 as General Manager of Construction. He was appointed as Director of Construction of Mudajaya Corporation Berhad on 1 February 2016 and has since been promoted to the post of Executive Director of Construction of Mudajaya Corporation Berhad in January 2018.

Mr. Ang graduated with a Diploma in Technology (Building) in 1992 from Tunku Abdul Rahman College (TARC). He further attained his Master of Science in Construction Management (Project Management) in 1998 from Heriot-Watt University after having worked for 5 years involved in both tendering and project implementation. He is currently a Registered Member of the Association of Construction Project Managers (ACPM), Malaysia, as well as a Chartered Member of The Chartered Institute of Building (CIOB), UK.

He started his career as a Project Coordinator with Lion Group in 1992 and was involved in various building projects till 1996 before joining Zelleco Construction Sdn. Bhd. where he served as Construction Manager involved in various building and infrastructure works till 2000. He took study leave from September 1997 to April 1998 to pursue his Master of Science in Construction Management (Project Management). He then joined Zelan Berhad in 2000 and was involved in various building and infrastructure works in Malaysia and Indonesia as Project Manager. He was promoted to the post of General Manager of Zelan Berhad in 2007, and remained as their General Manager until 2009 when he left to join Team Builders LLC/Eminent Ace Sdn. Bhd. as Head of Operation (from 2009 to 2014) where he was involved in business development for new ventures in the middle east and property development opportunities in Malaysia. Prior to joining Mudajaya, he was the Director of Operations involved in the construction and real estate development.

Mr. Ang has no directorships in any listed issuers or non-listed public companies.

SENIOR MANAGEMENT'S PROFILE

SAMANTHA LEE TZE LIU

General Manager - Property,
Mudajaya Corporation Berhad

Malaysian, Female, Aged 53

Ms. Samantha Lee Tze Liu was appointed as the General Manager of the Property Division on 1 November 2015. She is a Bachelor of Law graduate from University of London, with 27 years of experience in property and township development, leasing and maintenance.

Ms. Lee started her working career in 1993 with MBF Property Services as a Marketing Executive. She later joined Mudajaya Corporation Berhad in 1995 as a Senior Marketing Executive and rose in ranks to Marketing & Sales Manager in 1997. She was appointed as the Director of MJC City Development Sdn. Bhd. in 2004 which undertakes the company's flagship township development at Batu Kawah New Township, Kuching, Sarawak. She was promoted to the Assistant General Manager of the Property Division in 2007 and Director of Mudajaya Land Sdn Bhd in 2015. During her tenure with Mudajaya, she had successfully launched and sold more than RM1 billion worth of properties for the Group and won 3 awards from SHEDA, namely SHEDA Excellence Awards for Innovative Design & Lifestyle Concept 2009 (One Residency), Merit Award in Master Plan (Completed Development) (Batu Kawah New Township) 2011 and Outstanding Development Award for Residential: High Rise Strata Development 2013 (Skyvilla Residences).

Ms. Lee has no directorships in any listed issuers or non-listed public companies.

JOSEPH GOMEZ A/L THOMAS GOMEZ

Acting Head -
Concession Assets,
Mudajaya Corporation Berhad

Malaysian, Male, Aged 58

Mr. Joseph Gomez A/L Thomas Gomez joined Mudajaya Corporation Berhad as a Senior Finance Manager of Concession Assets on 19 January 2015 and was subsequently appointed as Acting Head of Concession Assets on 13 May 2019.

Mr. Gomez is a fellow member of the Chartered Institute of Management Accountants (CIMA), United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants.

He has more than 30 years of working experience in finance and operation roles in Malaysia and India. He has 10 years of working experience in India including 3 years with Delhi Airport Parking Services Pvt Ltd as the Chief Executive Officer.

Mr. Gomez has no directorships in any listed issuers or non-listed public companies.

SENIOR MANAGEMENT'S PROFILE

YAM KEONG CHEE

General Manager -
Manufacturing,
Mudajaya Corporation Berhad

Malaysian, Male, Aged 59

ANNA MARIA VERGHIS

Assistant General Manager -
Human Resources & Admin,
Mudajaya Corporation Berhad

Malaysian, Female, Aged 39

Mr. Yam Keong Chee joined MJC Precast Sdn. Bhd. as the General Manager on 16 March 2015.

Mr. Yam graduated with a BSc. in Civil Engineering in 1985 from Oklahoma State University, Stillwater, USA. He has more than 30 years' proven experience in managing operations and large project deployment within the construction industry. Recognised as a hands-on leader with strong knowledge in the construction and civil engineering field.

He has 17 years of working experience in India including the last 6 years with Raffles Education Corporation Ltd. (a Singaporean company) as the Vice President of Indian Operations.

With MJC Precast Sdn. Bhd., Mr. Yam has secured various precast concrete product projects i.e. West Port CT8 & CT9, West Coast Expressway Sec 5 & Sec 9, SUKE CB2 & CA3, DASH CB1, DUKE 3, LRT3 –PC 2, MRT 2, Electrified Double Track Project (Johor) etc.

Mr. Yam has no directorships in any listed issuers or non-listed public companies.

Ms. Anna Maria Verghis joined Mudajaya Corporation Berhad as the Assistant General Manager - Human Resources & Admin on 2 May 2019.

Ms. Verghis graduated with a Bachelor of Business, majoring in Human Resource Management and Marketing from Charles Sturt University, Australia. Thereafter, she completed her Master of Business Administration, majoring in Human Resource Management from University of Wales, United Kingdom. She is also an associate member of the Malaysian Institute of Management.

Ms. Verghis has 17 years of working experience in various industries, mostly in construction, property development and concessions, as well as manufacturing, medical, legal and education industries. She is also a committee member of the Master Builders Association Malaysia's Human Resource Committee, as well as the Education & Special Institutions Committee.

Ms. Verghis has no directorships in any listed issuers or non-listed public companies.

NOTES:

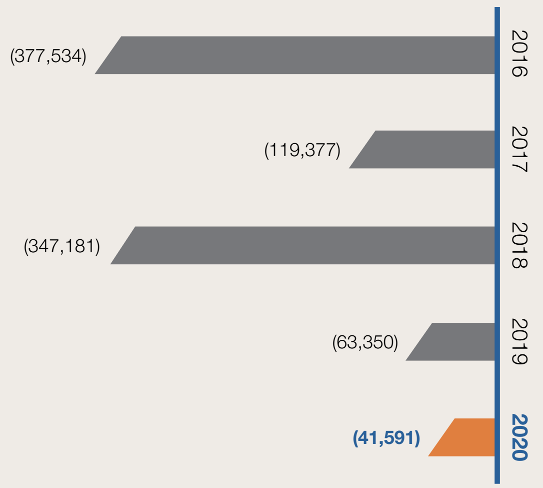
1. **Family Relationship with Director and/or Major Shareholder**
   None of the Senior Management has any family relationship with any director and/or major shareholder of Mudajaya.
2. **Conflict of Interest**
   None of the Senior Management has any conflict of interest with Mudajaya.
3. **Conviction for Offences**
   None of the Senior Management has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the Senior Management by the relevant regulatory bodies during the financial year.

FIVE YEARS' FINANCIAL HIGHLIGHTS

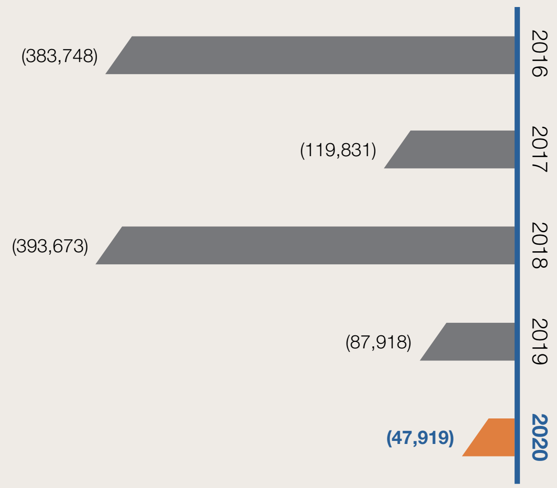
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-Current Assets	**447,140**	469,020	506,182	624,978	736,560
Current Assets	**784,657**	858,474	1,091,098	1,220,679	1,308,279
Total Assets	**1,231,797**	1,327,494	1,597,280	1,845,657	2,044,839
Equity And Liabilities					
Capital And Reserves					
Share Capital	**397,730**	393,172	393,172	393,172	110,483
Reserves	**(283,926)**	(246,258)	(177,218)	217,150	558,046
Equity Attributable To					
Owners Of The Company	**113,804**	146,914	215,954	610,322	668,529
Non-Controlling Interests	**35,970**	32,927	28,560	35,312	34,045
Total Equity	**149,774**	179,841	244,514	645,634	702,574
Liabilities					
Non-Current Liabilities	**502,127**	521,036	441,161	415,065	428,859
Current Liabilities	**579,896**	626,617	911,605	784,958	913,406
Total Liabilities	**1,082,023**	1,147,653	1,352,766	1,200,023	1,342,265
Total Equity And Liabilities	**1,231,797**	1,327,494	1,597,280	1,845,657	2,044,839
Group Results					
Loss Before Tax	**(41,591)**	(63,350)	(347,181)	(119,377)	(377,534)
Tax (Expense)/Income	**(3,544)**	(17,060)	(12,109)	1,605	(4,766)
(Loss)/Profit Attributable To:					
Owners Of The Company	**(47,919)**	(87,918)	(393,673)	(119,831)	(383,748)
Non-Controlling Interests	**2,643**	1,828	(6,478)	2,059	1,448
Selected Ratios					
Loss Per Share (Sen)	**(7.86)**	(14.90)	(66.73)	(21.72)	(71.06)
Net Assets Per Share Attributable To Owners Of The Company (RM)	**0.18**	0.25	0.37	1.03	1.24
Return On Equity (%)	**(42.11)**	(59.84)	(182.29)	(19.63)	(57.40)
Gearing Ratio	**5.6**	4.9	3.7	1.2	1.2
Share Price (Year-End Closing) (RM)	**0.33**	0.39	0.29	0.93	0.91

FIVE YEARS' FINANCIAL HIGHLIGHTS

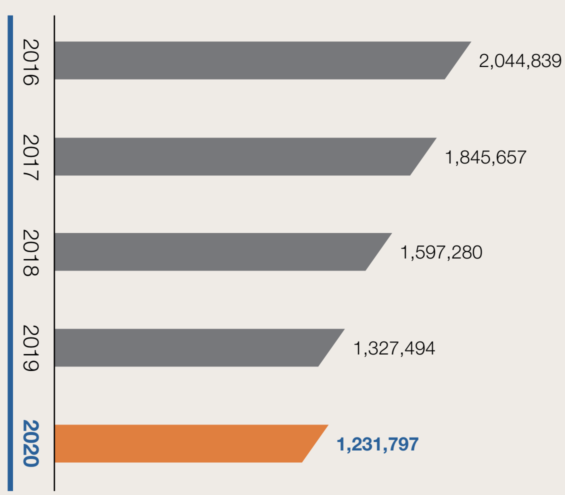
LOSS BEFORE TAX
(RM'000)



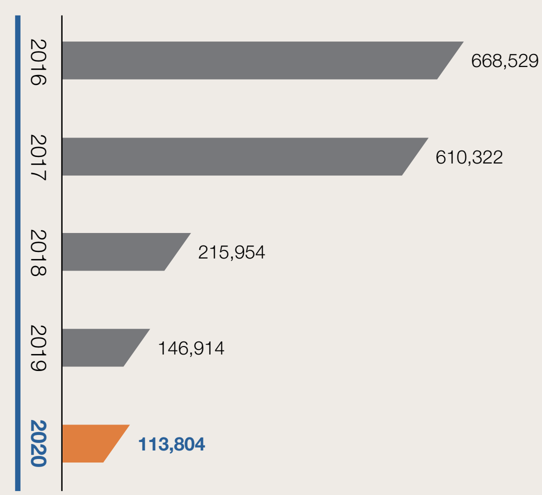
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



TOTAL ASSETS
(RM'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



MESSAGE FROM THE CHAIRMAN

ON BEHALF OF THE BOARD OF DIRECTORS OF MUDAJAYA GROUP BERHAD, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP OF COMPANIES ("MUDAJAYA" OR "GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020.

NAVIGATING AN UNPRECEDENTED CRISIS

The COVID-19 pandemic caused massive disruptions to global economies, posing an existential threat to both people and businesses. However, on the back of positive mitigation measures and swift response to the health crisis, Malaysia ended the year with better-than-expected GDP growth; experiencing a contracted GDP of 3.4% in Q4 2020 amid a significant increase in COVID-19 infections during that time period, bringing the overall performance of the year to -5.6% which was better than initial projections by the IMF and World Bank at -5.8%.

The year ended on a more positive note due to the implementation of the various government economic stimulus packages coupled with the introduction of the National COVID-19 Immunisation Programme; which will encourage the revival of various economic sectors, restore consumer confidence, as well as boost Malaysia's economic growth and resilience.

ENSURING BUSINESS CONTINUITY & RESILIENCE

Mudajaya was not immune to the impacts of COVID-19 and faced a challenging business environment in FY2020. The pandemic either impacted or delayed our corporate plans. The silver lining amid all the unprecedented risks of COVID-19, was the camaraderie shared by our people, who left no stone unturned to navigate through various business challenges. We remained agile in responding to the crisis at hand, especially in ensuring the health and safety of our workforce and labour force, while keeping our productivity and performance at the best possible levels based on the new norms.

One of our achievements has been to keep the Group businesses uninterrupted, with seamless delivery of services and operational excellence. This was on the back of Government's classification of Power and Construction as part of essential services and our active involvement in LRT and MRT projects. With the mandated COVID-19 SOPs as well as beyond-compliance safety and health measures, we were able to maintain optimal performance in these two sectors.

MESSAGE FROM THE CHAIRMAN

FOCUSSING ON NEW OPPORTUNITIES & CATALYSTS TO FUTURE GROWTH

During the year, our focus was on investing in areas that we anticipated as important growth drivers for the new decade. We reviewed our business strategy in the context of the pandemic that affected our business sectors significantly. It is important to note that our transformation efforts from previous years, including prudent cost and efficiency management initiatives, human capital optimisation, and diversification beyond our traditional business segments, positively contributed to our business and people resilience during 2020.

For instance, prior to 2020, Mudajaya was always very conscious of its cash position; realising the need to be resilient against externalities and probable situations of a sudden cash crunch. Thus, internally the Management Team ensured the Group maintained a healthy cash balance, which proved to be immensely valuable during the COVID-19 crisis. During the year, with our financial prudence, we were able to adjust and uphold our commitments to both our suppliers and financial institutions.

ORDER BOOK

RM700 MILLION

The national political developments also affected our business environment, considering the Group's continuing collaboration and support to the Government through its critical infrastructure mega projects. To keep building on our order book, our strategy was to diversify and refocus our efforts and investments on self-financed projects.

We successfully procured a 30 MW renewable energy ("RE") project along Sungai Pahang near the upper ridges of Taman Negara in the state of Pahang. Through our indirect subsidiary, Bera Hydropower Sdn Bhd ("BHSB"), we won this competitive Feed-in Tariff e-bidding of small hydro tender exercise through Sustainable Energy Development Authority Malaysia ("SEDA"). In Q4 2020, we received the letter of award from SEDA and we are confident that this project will not only allow us the freedom to develop our own assets but will positively contribute to our future earnings for the Group in the RE space. In short, our approach has been to focus on harnessing energy from water; specifically, mini-hydro systems where the tariffs are currently more appealing compared to solar photovoltaic projects.

KVMRT Line 2

The decision to move away from traditional solar energy (which has been our primary focus in recent years) was seen as a necessary move in line with our blue ocean strategy; given that the solar sector space has become very crowded in recent years; with an extremely competitive pricing structure that no longer meets our financial thresholds at this point in time.

On the construction side, the Group has been actively involved with tenders and unsolicited proposals pertaining to infrastructure related projects in Sarawak and Sabah. The Group hopes to receive some positive news regarding its efforts by Q2 2021. With MRT and LRT transformation schemes of the Government in full swing, we reported good progress in the Manufacturing segment, with positive financial performance when our precast concrete facilities operated at full capacity, commencing operations as early as May 2020 after the MCO.

In the international markets such as India and Indonesia, despite the movement restrictions and lukewarm investor sentiments, we successfully completed the Restructuring Programme ("RP") for our Indian power asset - RKM Powergen Pvt Ltd ("RKM"). This is the only power asset in India that successfully implemented their restructuring in

MESSAGE FROM THE CHAIRMAN

compliance with the Reserve Bank of India ("RBI") restructuring laws and provision, where the original promoters (under the original SPV) remained intact. This also meant that the Group will be able to start afresh and draw new working capital to continue funding its operations and growth. January 2021, the power sale generated from the plant is 503MWh and this figure has gradually increased to more than 600MWh in the subsequent months. The offtakers comprise of various power distribution companies in the state of Uttar Pradesh, Telangana and merchant sales through the Indian Energy Exchange. The Group expects to have all four units fully operational by Q4 2021. It is hoped that this asset will contribute positively to the Group in the near future.

The situation in Indonesia has been similar, with improved power generation and financial restructuring efforts nearing completion. 2020 saw the power load factor shoot up to an all-time high; partly due to increased stability arising from the successful upgradation of the transmission grid in the Sulawesi Tenggara region. Additionally, with the closure of some existing aging diesel generating plants in the region, the power offtake has become more reliant on our plant in recent months.

The property segment was most affected in 2020, where we couldn't maintain normalcy and continue implementing our sales and marketing strategies in person with customers. However, with a shift to digital/online solutions, our teams were able to generate minimum sales on a month-on-month basis. Our focus has been entirely on clearing the stockpile and overhang of over RM60 million, mainly in Petaling Jaya, Selangor and Kuching, Sarawak.

PRESERVING VALUE AND DRIVING FINANCIAL PERFORMANCE

2020 was an extremely challenging year with the pandemic pushing back or derailing some of the Group's plans for the year. Our performance achieved is therefore on a best-effort basis, where we remained agile and responsive to the emerging and evolving health crisis that changed the dynamics of trade, business and commerce. At Mudajaya, the recapitalisation exercise, which was launched in 2019 to strengthen the Group's financial position, was derailed by the disruptions caused by the pandemic. This was exacerbated by various legacy issues in relation to our asset disposal and gains pending litigation matters etc.

We remained resilient and grew stronger in our resolve to operate optimally and perform at our best amid an overwhelmingly intimidating business year. As a result, 2020 has been a profitable year for all sectors, despite reporting one impairment made on other current assets, which reversed the gains in our operations for the year under review. The impairment on this asset was part of a legacy project impacted by delayed court cases due to movement control restrictions. Thus, the Board made the decision to do a one-off impairment resulting in an overall loss for the year; although it should be noted that before this impairment, all sectors were reporting profits.

Moving into 2021, we have revived our efforts on the recapitalisation plan, and with a well-orchestrated plan in place, we are confident that our balance sheet for the FY2021 will be healthier and stronger.

Pier cap for LRT 3 project, Precast manufacturing plant in Mukim Ijok, Selangor

MESSAGE FROM THE CHAIRMAN

PRIORITISING WELLBEING AND WELFARE OF OUR PEOPLE

The success of any business is in the hands of the people who run it and throughout this pandemic year we are exceptionally thankful to our team as they responded to adversity in admirable ways. Ultimately our priority is always our employees and we did all we could to ensure their safety during the pandemic and subsequent MCO. With real-time monitoring and stringent mitigation measures, we were able to contain the situation without any major outbreaks amid our labour community of 800 foreign workers. This was also due to the additional precautionary steps taken by us such as isolating cases effectively, managing movement of people, and most importantly, instilling a discipline within our workforce. As a result, our operations and by association our revenue, progressed uninterrupted despite initial setbacks including adjusting to the changing SOPs and evolving crisis.

Despite the immense difficulties facing business operations throughout the pandemic, Mudajaya did not retrench any staff nor implement salary cuts. In 2018, we were already conscious of the need to be resilient as a business moving forward, hence started our transition towards building a lean business model, which proved exceptionally useful during the pandemic.

As we continue to work within this "new normal", during the year under review, a majority of our staff was able to work from home, with only 30% of workforce operating from the office / site. We recognized the need to alleviate some of the social issues faced by our own employees since working from home calls for adjustment to work areas, software and internet connectivity. Thus, we introduced many alternative solutions such as flexible work options, remote connectivity, on-line technology support, and safety equipment such as sanitisers and masks.

During the year, our priority was to ensure that all mission-critical functions, meetings and Board deliberations continued as usual, tapping the potential of digital platforms and solutions. So, technology investments for digital enablement as well as to strengthen data protection systems were part of our mitigation plan as well as one of our long-term solutions to keep productivity and performance at its best.

Another area of our focus has been to keep the employee morale and motivation high at all times. One way to achieve this was to innovate ways to keep our employees and management connected at all times through distant learning webinars and meet groups. We leveraged on our existing intranet as well as webinar platforms to engage our employees meaningfully

on relevant topics ranging from Environmental, Sustainability & Governance ("ESG") issues to managing a new business landscape beyond COVID-19; so as to keep them energized, prepared and passionate about their roles and job scope.

OBSERVING THE PRINCIPLES OF GOOD GOVERNANCE

Mudajaya remains committed to maintaining its high standards of corporate governance. The Group and its subsidiaries were successfully awarded the UKAS Management System ISO37001:2016 Anti-Bribery Management Systems by Anti-Bribery Anti-Corruption Centre of Excellence (ABAC) in June 2020, in the midst of the COVID-19 pandemic.

Additionally, the Malaysian government has continued to strengthen its corporate governance reform practices with Section 17A of the MACC Act 2019. This came into force on 1

MESSAGE FROM THE CHAIRMAN

June 2020 and focuses on the new corporate liability provisions which will make a commercial organisation liable if any of its employees or associated persons are found to be involved in corrupt practices that benefit the organization. Mudajaya fully supports the implementation of this law as we believe combating corruption in all its forms is fundamental and must continue to be done vigorously.

The pandemic did not cause any delays in internal business engagements; in fact, there was active participation from the Board and Management even throughout the strictest Movement Control Order ("MCO") period. The Management Team worked hard to define and implement measures to protect our business sectors and strengthen our resilience.

The Group also formed a COVID-19 Committee which focused on implementing stress tests to gauge the impact of the pandemic on various aspects of our business and stakeholders, as well as to devise strategies for post-COVID era. The Board also worked with Senior Management to direct measures specifically designed to protect the health and safety of employees and those within the construction sector. This Committee also provided regular updates to the Board and Management regarding the pandemic situation throughout all our operations in Malaysia, India and Indonesia.

As a result, the Group was able to strengthen and roll-out standardised policies across all our operations regarding sanitisation and isolation procedures at all our plants which streamlined processes and ensured our power plants functioned as normal during the pandemic.

On behalf of the Board, I would like to express our deepest gratitude to Mr. Wee Teck Nam who is retiring and has served us well for over 20 years.

FULFILLING OUR RESPONSIBILITY TOWARDS GREATER GOOD

The COVID-19 pandemic gave the world a glimpse of a world that's plagued by the impacts of environmental degradation and social injustices. As businesses struggled to stay afloat, we were reminded of the most critical need to test the effectiveness of our long-term risk approaches and responsible business models. Global issues such as the Climate Emergency are very real, with real implications on the viability, competitiveness and future survival of businesses.

At Mudajaya, we recognise our greater purpose of operating with integrity and responsibility towards the environment as well as the communities where we operate. We also see the greater opportunities in sectors of the future such as renewable and alternative energy ("RE"), and green infrastructure amongst others. In addition to the mini-hydro project that we secured in 2020, we also hope to participate in projects related to the New Enhanced Dispatch Arrangement ("NEDA") in the electricity market operated by the Single Buyer of Tenaga Nasional Berhad, as promoted and licensed by the Suruhanjaya Tenaga ("ST") Malaysia. We will also offer our expertise as a proven and experienced EPCC player in the Large-Scale Solar @ MENTARI project roll outs announced by ST recently. Even as the world is witnessing the acceleration of climate action, we cannot rule out the role of traditional fossil fuels or non-renewables, especially in powering or providing base load power for renewable power generation plants and projects. So, in addition to the RE sector, Mudajaya also actively pursued discussions and partnership opportunities to develop more base-load gas fired power plants earmarked in the states of Selangor and Kedah.

On the social side, we also provided assistance to the local communities in which we operated – in March 2020 our LRT3 team donated hand sanitisers and face masks to the District Police Headquarters Petaling Jaya branch to support our frontliners. 600 boxes of face masks were donated to PIBG SJK (C) CHUNG HUA, Shah Alam. In addition, we coordinated with a local NGO and provided 31 refurbished laptops and desktops to a local school to help alleviate some of their immediate needs given that schoolchildren were now required to do online schooling.

GAINING INDUSTRY RECOGNITION FOR EXCELLENCE

We have always believed that the health and safety of our workforce is fundamental and therefore, place a strong emphasis on safety as we strive to secure workplace safety in full compliance with laws and regulations. It gives me great pride to report that Mudajaya has been awarded a Gold Class 2 Award in Occupational Safety & Health by Malaysian Society for Occupational Safety & Health ("MSOSH") and achieved five (5) million manhours without any lost time injury ("LTI") for work on the Pan Borneo Highway in Sibu, Sarawak. These achievements demonstrate the strong commitment of our team in ensuring that every worker goes home safe and healthy each day.

MESSAGE FROM THE CHAIRMAN

KVMRT Line 2

Additionally, the Group was awarded the ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification in June 2020, becoming the first Construction company in Malaysia certified by United Kingdom Accreditation Service ("UKAS").

PLANNING THE WAY FORWARD FOR THE 'NEW NORMAL'

As COVID-19 substantially changes the state of global society and the way people live, we expect the uncertainty brought on by the pandemic to continue well into 2021. Yet business must go on and we are already adapting to and finding more opportunities for growth. This coming year will be akin to coming out of the fog of COVID-19 and we expect it will be another year before things fully stabilise. As I write this, the Government has started rolling out the National Vaccination Programme in stages - which will alleviate a lot of SOPs and the hindrances we currently face in how we do business.

There is also hope that 2021 will bring about political stability as there has been a lot of delays in new project roll-outs; which has significantly impacted our construction side as we are very dependent on large-scale infrastructure projects. Nevertheless, we will continue to be patient and focus on selective project collaborations with the private sector to keep our order book going. We anticipate with vaccination immunization programmes on the rise globally, the GDP of major economies including Malaysia will witness a strong rebound in 2021/2022. I am confident that Mudajaya's planning for the future will result in continued success; as the Group is well diversified to keep all our engines running. We continue to focus on replenishing our current order book of approximately RM700 million in the construction and manufacturing sectors and hope to step up our sales and promotional efforts in the property sector.

ACKNOWLEDGING THE CAMARADERIE AND EXTRAORDINARY TEAM EFFORTS

Through all of the obstacles Mudajaya faced in 2020, I am immensely proud of the resilience and dedication of all our employees who demonstrated remarkable professionalism during this trying year to ensure they got the job done despite the numerous challenges faced.

I wish to thank each and every one of them for their constant engagement, commitment and support and I would also like to extend my sincere gratitude to the Management Team as well as the Board of Directors for their continued guidance amidst the tough operating environment.

DATO' YUSLI BIN MOHAMED YUSOFF
Independent Non-Executive Director
19 April 2021

SKYVILLA

Skyvilla Residences is an award winning project which accentuate the essence of quality high-rise living in Kuching. With generous built-up areas from 1,000sf to 1,400sf and optimum cross ventilation in and outside the apartments, it promotes healthy city-living to its residents. In addition, selected tastefully furnished premium edition apartments are prepared for the busy executive who would like to move in with a suitcase. Flexibility is another hallmark at Skyvilla Residences at Batu Kawah New Township

CELEBRATE LIFE

Your life of fantasy is now a reality

Mudajaya owned 61 units of Lumi Tropicana via its subsidiary, MJC Development Sdn. Bhd. This exclusive mixed development of commercial, residential and SOHO is located right opposite the gateway to Tropicana Golf & Country Club. Its strategic location and prestigious address are one of the reasons that Lumi Tropicana is perceived as an unparalleled investment grade property in Petaling Jaya, Selangor.

Menara Mudajaya

MANAGEMENT DISCUSSION & ANALYSIS

THIS YEAR, MUDAJAYA SUCCESSFULLY STEERED THE ORGANISATION THROUGH ONE OF THE MOST DIFFICULT TIMES IN HISTORY. THE PANDEMIC POSED THE CHALLENGE OF A LIFETIME FOR THE HEALTH AND WELL-BEING OF ALL OUR STAKEHOLDERS BUT WE ARE PROUD TO SAY THAT GUIDED BY OUR PURPOSE AND PRINCIPLES WE DELIVERED VALUE FOR ALL OUR STAKEHOLDERS. AS AN ORGANISATION, WE AIM TO STAND OUT FROM OUR COMPETITORS, ANCHORED IN OUR PROVEN BUSINESS MODEL AND GUIDED BY OUR YEARS OF EXPERIENCE.

Our Sustainable and Renewable Energy Business is currently a highlight of the Group and provides endless opportunities as the current government is actively developing the renewable energy industry.

GROUP REVIEW AND PERFORMANCE

2020 was a year filled with uncertainty and instability as we not only dealt with the effects of a full-blown pandemic but also had to contend with yet another change in government. This resulted in more policy changes and delays in infrastructure projects but we soldiered on and continued to diversify our business portfolio.

Mudajaya is keen to expand its footage in the renewable energy sector and will actively participate in upcoming large scale solar farm projects. In December 2020, Mudajaya successfully bidded for a small hydro project in a competitive Feed-in Tariff e-bidding tender by the Government of Malaysia through the Sustainable Energy Development Authority Malaysia ("SEDA").

KEY DRIVING FACTORS

Increasing the effectiveness of our workforce directly correlates to improved organisational performance. Thus, talent development and growth remains a top priority and one we consistently focus on at Mudajaya.

Understanding the components of talent management is essential, and the key to developing an effective workforce is to align talent management with business objectives and identify the specific competencies required for cultivating employee growth. Therefore, we continue to put a strong emphasis on attracting and retaining talents, developing skills and competencies and fostering a dynamic work environment.

OUTLOOK AND MARKET REVIEW

The World Bank expects Malaysia's economy to return to positive growth in 2021, in tandem with other global economies on the back of sustained progress in vaccine roll-outs that will boost consumption worldwide; projecting economic growth of between 5.6% and 6.7% for the Malaysia in 2021.

Meanwhile, the Department of Statistics Malaysia ("DOSM") forecasts the country's external trade to grow by 3.9%, with exports of goods expected to increase by 2.7% as a result of the recovery in global trade and supply chains, while imports are expected to rise by 5.3%. Overall, the sentiment is cautious positivity with analysts pointing out that the Malaysian government continues to maintain macroeconomic stability, which has been moving faster than anticipated.

Having said that, we need to anticipate a number of risks to the growth outlook which, according to the World Bank include unexpected delays in the vaccine roll-out, ineffective containment of future outbreaks, an elevated number of vulnerable households and domestic political uncertainties.

KEY RISKS AND MITIGATION STRATEGIES

The Group places great importance to risk management and internal control, and has therefore established a system of risk monitoring, continuously optimizing it to ensure its effectiveness, with a hope of creating value for the Group, promoting the realisation of business goals, as well as protecting the interests of shareholders.

MANAGEMENT DISCUSSION & ANALYSIS

Given the nature of our core industries, risk mitigation is an intrinsic part of the way we work. As we closely monitor and examine all potential risks in the context of business and our stakeholders, we have identified effective mitigating strategies to continue to facilitate achievements, reach our objectives and deliver value.

The Group recognises that for effective risk mitigation and to further promote our sustainability agenda, Mudajaya must apply risk control procedures to every aspect of management and operations and that a robust risk management framework is needed to address any potential threats to our organisation and enable rational decision-making. Thus, Mudajaya has developed a pragmatic overall risk management approach to mitigate potential risks facing the Group.

For the year 2020, a total of seven (7) key risk areas – both internal and external - impacted our Group businesses.

What are the risks?	How do these impact our business?	Who are the affected stakeholders?	What are the mitigation efforts?
1. FINANCIAL Cyclical downturn, seamless project funding, diminishing margins and price volatility.	**Affected Capitals:** **Human & Financial Capital** ✓ Weak performance of the organisation; ✓ Less returns; and ✓ Lack of productivity.	✓ Investors ✓ Employees ✓ Suppliers/ Business Partners	✓ Diversify income source; ✓ Develop recurring income stream; and ✓ Strengthen cordial business relationships with bankers.
2. MARKET Lumpy order books due to large number of major local infrastructure jobs, fluctuating market & demand cycles, obsolete pricing models.	**Affected Capitals:** **Financial & Intellectual Capital** ✓ Constant need for contract replenishment; and ✓ Exposure to changes in government's fiscal & budgetary policies and delays in rollout of projects.	✓ Employees ✓ Suppliers/ Business Partners ✓ Customers	✓ Have a vision and foresight of the industry's development; ✓ Be selective and strategic on project bidding; ✓ Diversify portfolio to cater to different consumer segments and markets; and ✓ Maintain effective credit control policy.
3. DEVELOPMENT STRATEGY Long gestation/ development periods, inability to solve problems with regards of rapid change in consumers' behaviour.	**Affected Capitals:** **Financial & Social Capital** ✓ Long period of time taken to complete projects; and ✓ Loss of customers due to incompetency in handling their requests.	✓ Investors ✓ Employees ✓ Suppliers/ Business Partners	✓ Anticipate extraneous factors such as the mid & long-term market & regulatory risks; ✓ Deliver positive impacts of projects in terms of social, economic & environmental equity created; and ✓ Limit over-reliance on a single project or client by diversifying risks and creating a more balanced portfolio of project.

MANAGEMENT DISCUSSION & ANALYSIS

What are the risks?	How do these impact our business?	Who are the affected stakeholders?	What are the mitigation efforts?
4. TALENT AND RESOURCE MANAGEMENT Weak performance of contractors, shortage of skilled labours and inability to attract talents with advanced skills.	**Affected Capitals: Human & Financial Capital** ✓ Insufficient skilled & competent employees which will negatively affect the company's performance; and ✓ Projects deadline & quality will be at risk.	✓ Employees	✓ Invest in the growth, learning and development of teams; ✓ Strengthen management and leadership capability; ✓ Build on employee value propositions to emerge as an employer of choice; and ✓ Organise internal & external upskilling and reskilling programmes in keeping with business priorities.
5. PROJECT DEVELOPMENT & EXECUTION Project delays, projects are not within the expected quality, cost overruns, inaccurate method of technology deployment, collection problems and contractual disputes.	**Affected Capitals: Social & Financial Capital** ✓ Projects will be of weak quality; ✓ Delayed project completion; ✓ Spend more than budgeted expenses for overrun & further rectification of projects; ✓ Disputes may cause & trigger litigations; and ✓ Organisation's reputation will be at risk.	✓ Investors ✓ Employees ✓ Customers ✓ Suppliers/ Business Partners	✓ Closely monitor projects and land holdings; ✓ Optimise performance; ✓ Carefully inspect work sites and project requirements; ✓ Conduct stringent quality control during production process; and ✓ Keep a close tab on internal controls & compliance mechanisms.
6. ENVIRONMENTAL, SAFETY & HEALTH Accidents, transportation damages and faulty equipment.	**Affected Capitals: Financial, Human & Intellectual** ✓ Possibilities of accidents, injuries and casualties will increase; ✓ Additional cost needed to manage damages and faulty equipment; and ✓ Community complaints will lead to rise in litigations.	✓ Investors ✓ Employees ✓ Customers ✓ Suppliers/ Business Partners	✓ Operate with a set of stringent guidelines and minimum requirements for occupational health & safety management.
7. UTILITIES & SUPPLY Shortage of materials, inadequate resources, complex procurement procedures.	**Affected Capitals: Manufactured & Financial Capital** ✓ Inability to meet expected deadlines for projects; and ✓ Need to look for available resources at a higher price.	✓ Employees ✓ Suppliers/ Business Partners	✓ Create a resource allocation strategy; and ✓ Make a list of long-term quality suppliers.

MANAGEMENT DISCUSSION & ANALYSIS

KVMRT Line 2

MANAGEMENT DISCUSSION & ANALYSIS

SECTORAL LANDSCAPE

The year 2020 saw considerable reduction of activities in the construction sector primarily due to the COVID-19 pandemic. While there was a total stoppage of work order nationwide between March and May 2020, Mudajaya was able to resume its projects at all sites beginning from the middle of May with the implementation of strict SOPs and guidelines from local authorities and the medical community to control the spread of the disease and facilitate effective tracing of close contacts.

In addition to the varying degrees of Movement Control Orders, a shortage of workers and the tightening of Act 446 for workers accommodations posed even more challenges to the industry. As Mudajaya continues to focus on the execution of on-going projects, we have also managed to clinch a smaller scale project which we view as an encouraging start towards future opportunities.

ACHIEVEMENTS IN 2020

Considering the tough working environment of 2020 brought on by the pandemic, a key achievement for us in this sector was simply the ability to resume work within such a short period of time during the first Movement Control Order in May; and subsequently successfully mitigating the spread of COVID-19 cases at all project sites. Without a doubt this enabled Mudajaya to return to its normal production levels very quickly, therefore minimising the impact of revenue loss due to the pandemic for the year under review.

Due to the continuous efforts and diligence of the teams involved, the MRT V207 project is now close to completion; with testing and commissioning for the M&E components being done. Similarly, the Pan-Borneo Highway project in Sarawak and LRT project in the Klang Valley had been progressing very satisfactorily; with both projects close to completion as well. Although there were limited tender opportunities during this period, our commercial team continued to seek out potential prospects and collaborations for the Group.

Pengerang – Data Centre Project

2020 definitely brought about many challenges, but also showcased our ability to execute effectively as the Construction Unit continued with operations despite the “new normal” and perhaps most importantly ensuring the health and safety of every single member of our workforce.

WAY FORWARD

Malaysia is now on the road to recovery from the impact of the pandemic as the government is expected to introduce numerous stimulus packages to the construction industry in 2021. We are confident that Mudajaya will be able to play a role in contributing to nation building of infrastructure projects via road, rail and port connectivity in both Peninsula and East Malaysia. Above and beyond the public funded projects, there are a number of foreign investment projects in the fields of transportation (logistic & manufacturing hubs), and digital transformation (data centres and 5G infra-related rollouts) which are up and coming in 2021. We hope that through the joint efforts between the government and private sectors, coupled with the planned National Immunisation Programme 2021 will be a more promising year ahead.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL ANALYSIS:

PROPERTY SECTOR

One Residency Garden and Courtyard Villa at Batu Kawah New Township, Kuching offers comprehensive gated and guarded resort-styled living environment to its residents

MANAGEMENT DISCUSSION & ANALYSIS

SECTORAL LANDSCAPE

Mudajaya's property unit was set up in 1995. Our core competencies include macro township development, high-rise residential, commercial, leasing and property management. It had launched and completed more than RM1 billion worth of properties for the Group and won multiple awards for its projects in Batu Kawah New Township, Kuching.

ACHIEVEMENTS IN 2020

2020 had been a challenging year in the global landscape. The team did not slow down, instead took the opportunity to improve the knowledge and psychological wellbeing of its staff by having regular online discussions and brainstorming during MCO and CMCO. Proactive measures were carried out by constantly engaging with the buyers, tenants and residents during the pandemic. An active employment of digital communication via social media, 3D virtual tour and video of the showhouses were used to keep in touch with the stakeholders.

Batu Kawah New Township is a 259-acre township which housed a population of more than 16,000. Due to its proximity to the Sarawak General Hospital and the Kuching International Airport, the township is home to a large population of medical professionals especially from West Malaysia. The team in Kuching are often quick in offering our assistance to help them settle down quickly in Kuching. Proactive effort to sanitise the buildings on a regular basis and strict adherence to the SOP issued by the authorities are one of the effort to ensure that our residents are living in a healthy environment.

As the landlord of Menara Mudajaya, fully furnished and semi-furnished units were offered to corporate clients who seek to reduce their initial capital outlay. The Office Club, a purpose-built exclusive hybrid co-working office suites was well-received by self–sustainable start-ups companies which were seeking to upgrade to a lower density and exclusive co-working environment.

Despite the pandemic, the unrelentless effort of the team was paid off with income of RM20.25 million and profit before tax of RM7.96 million.

Skyvilla Residences at Batu Kawah New Township, Kuching is the winner for Best High-rise Residential Development awarded by the Sarawak Housing Developers' Association (SHEDA)

WAY FORWARD

Mudajaya has always adopt a prudent approach in property development. New projects were deferred in the pandemic year of 2020. In view of the introduction of the vaccine, it is hopeful that the property market will improve so that new projects in the pipeline can be launched to improve the revenue and profit in the future.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL ANALYSIS:

POWER SECTOR

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

MANAGEMENT DISCUSSION & ANALYSIS

Proposed 30MW small hydro power plant at Jerantut, Pahang

SECTORAL LANDSCAPE

Mudajaya's power unit undertakes the concession asset and IPP assets within the energy sector. Currently, Mudajaya owned two solar photovoltaic ("Solar PV") plants i.e. 10 MW in Gebeng, Pahang and 49 MW in Sungai Siput, Perak and have interest in two coal fired power plants i.e. 2 x 7 MW coal-fired plant in Indonesia and 4 x 360 MW coal-fired plant in India.

ACHIEVEMENTS IN 2020

The two solar PV plants and the 2 x 7 MW coal-fired power plant continues to perform steadily and sustainably throughout the year.

On 30 December 2020, Bera Hydropower Sdn Bhd, a 76% owned indirect subsidiary of Mudajaya received the Feed-in Approval Certificate from SEDA for the development of one small hydro project in Pahang with capacity of 30 MW.

On 4 December 2020, RKM completed the signing of the Master Debt Restructuring Agreement based on Resolution Plan formulated by the lenders to restructure the debts of RKM. The restructuring of the debts is expected to enable RKM to sustain its operation and meet its obligations in a cooperative manner with its lenders.

WAY FORWARD

Mudajaya has participated in the Large-Scale Solar Programme 4 ("LSS@MenTARI") which was opened to local companies for the development of large scale solar photovoltaic plants. Whilst we were not successful in this bid, the experience gained during the exercise has provided invaluable experience to our team.

The opportunity for Malaysia to adopt clean energy is becoming more affordable due to falling prices of renewable technologies and therefore the shift towards renewables is inevitable. In line with the global energy trends and Malaysia's 20% target of renewable energy ("RE") in its capacity mix by 2025, Mudajaya will continue to participate in solar PV project and also look out for renewable energy projects other than solar photovoltaic for the Group to achieve its vision to be the preferred leader in the industry.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL ANALYSIS:

MANUFACTURING, TRADING & OTHER SECTOR

MJC Precast Sdn Bhd – M-beam for TRX project

MANAGEMENT DISCUSSION & ANALYSIS

MJC Precast Sdn Bhd - Pier cap for LRT 3 project

SECTORAL LANDSCAPE

Mudajaya's trading, manufacturing and other units mainly covers the trading, production and investment divisions. The main activities here include trading construction materials, production of ready-mixed concrete and precast concrete products.

ACHIEVEMENTS IN 2020

Our manufacturing and trading sector is still performing well with consistent roll-outs and a healthy order book, despite the continuous COVID-19 pandemic disruptions. We hope this sector will continue to flourish in the coming years.

WAY FORWARD

The continuous and post COVID-19 pandemic disruptions have impacted growth in the Construction Sector which affected our country's supply-demand chain. Hence the delivery of all projects including LRT3 were affected. However, the Government's recovery efforts in gradual easing of SOP restrictions saw the revival of productivity and resumption of activities related to all projects coupled with industry push for greater use of IBS in property projects and our continuous ground gaining in securing infrastructure concrete precasting works, especially the LRT3 precast beams. Mudajaya intends to participate selectively in various tenders to replenish the order book of RM40 million, based on both the current production capacity and schedule.

MANAGEMENT DISCUSSION & ANALYSIS

PROFIT OR LOSS ANALYSIS

in RM'000	31.12.2020	31.12.2019	Variance
Revenue	347,698	393,770	-12%
Gross profit	69,286	95,914	-28%
Loss before tax	(41,591)	(63,350)	-34%
Finance cost	(51,451)	(54,159)	-5%
Profit/(Loss) before interest and tax	9,860	(9,191)	>100%
Less: Impairment loss*	(46,936)	–	>100%
Profit/(Loss) before interest and tax (excluding impairment loss*)	56,796	(9,191)	>100%

** Included in the impairment loss is one-off impairment loss of other current assets*

Revenue and gross profit

The Group reported revenue and gross profit of RM347.7 million and RM69.3 million respectively for the year ended 31 December 2020, decreased by 12% in revenue and 28% in gross profit as compared to RM393.8 million and RM95.9 million respectively in the preceding financial year. The lower revenue and gross profit in the financial year under review were mainly due to slower progress of the on-going construction projects and lower demand in the precast product sales.

Loss before tax ("LBT")

The Group's LBT improved by 34% and reported RM41.6 million in the current financial year, lower by RM21.7 million as compared to the preceding financial year of RM63.3 million. The improved LBT in 2020 was mainly due to cessation of equity accounting of RKM's losses as its net carrying amount in the Group's book had already been adjusted to zero as at year-end of 2019. However, the improved in LBT is offset by one-off impairment loss of other current assets recorded in the financial year under review.

Adjusted profit/(loss) before interest and tax (excluding impairment loss)

Through the sales comparison approach by reference to observed market price in other similar property transactions, this had indicated the fair value of other current assets has deteriorated in the current market conditions. As a result, the Group has set aside a one-off non-cash impairment of RM46.9 million and posted a loss before tax of RM41.6 million for the financial year under review. Subsequent to this, the Group does not expect any further impairment on the other current assets.

FINANCIAL POSITION ANALYSIS

in RM'000	31.12.2020	31.12.2019	Variance
Non-current assets	447,140	469,020	-5%
Current assets	784,657	858,474	-9%
Total assets	1,231,797	1,327,494	-7%
Owners' equity	113,804	146,914	-23%
Non-current liabilities	502,127	521,036	-4%
Current liabilities	579,896	626,617	-7%
Total liabilities	1,082,023	1,147,653	-6%
Current ratio (times)	1.4	1.4	–

MANAGEMENT DISCUSSION & ANALYSIS

Total assets

Total assets decreased by 7% during the financial year under review primarily due to repayment from debtors and one-off impairment of other current assets.

Total liabilities

Total liabilities decreased by 6%, mainly due to repayment of loans and borrowings and decreased in contract liabilities during the financial year under review. The contract liabilities are relating to the Group's rights to consideration for work not completed yet billed at the reporting date.

Owners' equity

Owners' equity decreased by 23% mainly due to the one-off impairment of other current assets during the financial year under review. This is then offset by the increased in share capital arisen from newly issuance of ordinary shares via private placement for the Group's working capital purposes.

Current ratio (current assets/current liabilities)

The Group's current ratio remained at 1.4 times this year indicating that the Group has adequate liquidity to meet its short-term obligations or those due within one year.

CASH FLOW ANALYSIS

in RM'000	2020	2019
Net cash generated from operating activities	73,682	27,064
Net cash used in investing activities	(558)	(8,526)
Net cash used in financing activities	(68,543)	(62,008)
Net increase/(decrease) in cash and cash equivalents	4,581	(43,470)
Effect of exchange rate fluctuations on cash held	1,704	(3,526)
Cash and cash equivalents* at 1 Jan	53,650	100,646
Cash and cash equivalents* at 31 Dec	59,935	53,650

** excluded pledged deposits and bank overdrafts*

In the year under review, cash and cash equivalents increased by 12%, whereas the net cash generated from operating activities increased primarily due to the lesser repayments made to payables. The net cash used in investing activities had decreased as reduced in addition in service concession assets during the year under review. Net cash used in financing activities arisen from servicing of interest cost and repayment of borrowings.

CAPITAL EXPENDITURE REQUIREMENTS

No major capital expenditure is expected in the coming financial year other than the normal operational expenditure.

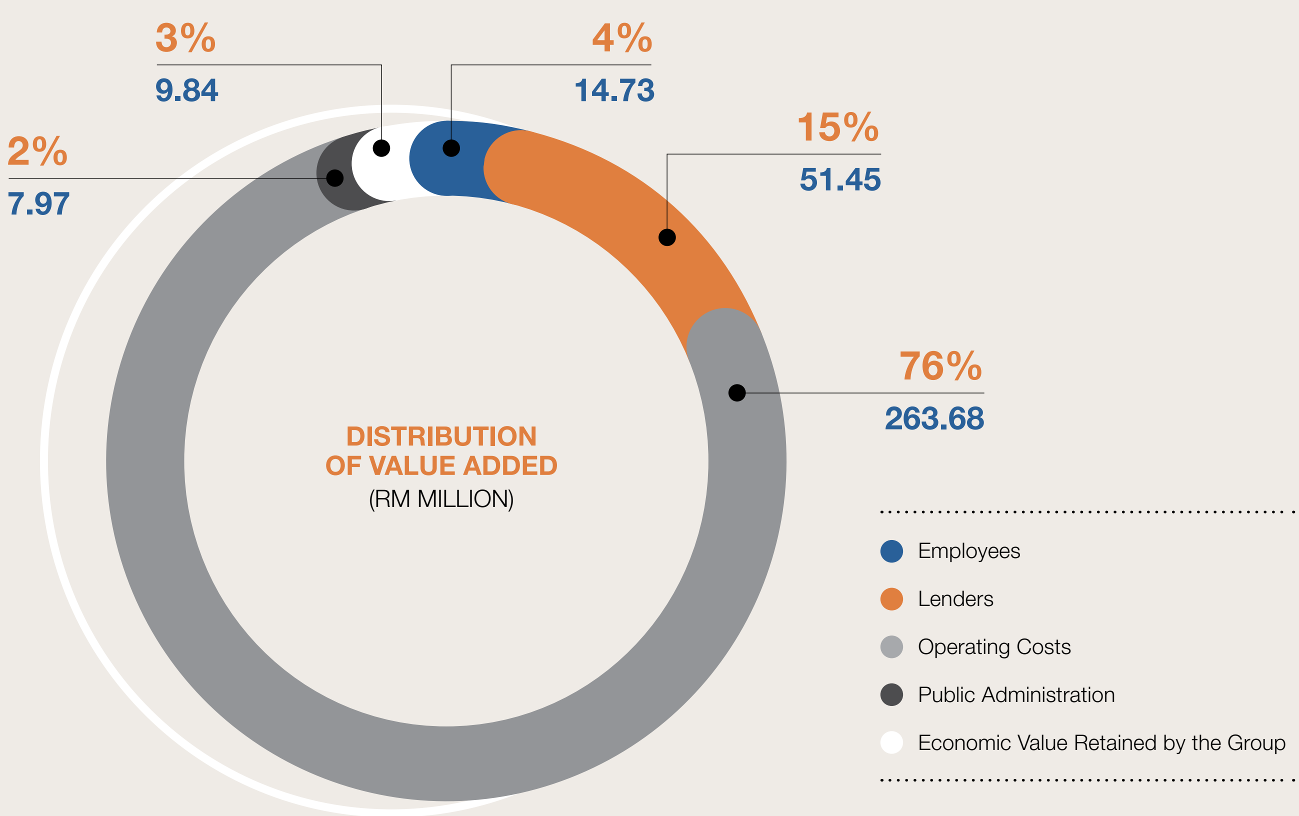
VALUE-ADDED STATEMENT

Mudajaya Group aims to create sustainable value by relentlessly looking for opportunities for sustainable revenue growth and enhanced profitability. We work hard to maintain a strong financial position and increase our positive contribution to society to ensure the wellbeing of all our stakeholders.

This statement is a measure of the wealth created by the Group through its various business activities and shows how the Group's economic activities provide value to our employees, partners, shareholders, investors and the community. In 2020, Mudajaya Group's value added amounted to RM348 million – with 76% of the value added (approximately RM264 million) directed to Operating Costs. Additionally, distribution to employees in the form of wages and benefits amounted to RM14.7 million

For the year 2020, the Group reported RM9.8 million of retained economic value.

WE CONTINUE TO MAKE INVESTMENTS THAT WILL PRIORITIZE OUR STAKEHOLDERS' WELLBEING.



INVESTOR RELATIONS

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We live in a time of unprecedented change; where change is happening economically, technologically, politically and environmentally. For businesses that want to move forward and keep up with this rapidly advancing world, change management skills and adaptability are paramount for a company's success. Mudajaya Group has proven time and again to be able to adapt quickly to changing requirements and leverages its leadership across its various value chains to achieve capability-based growth for all stakeholders.

In any industry, the market is never stagnant and our company is constantly adapting to meet our customers' evolving needs and requirements in order to remain competitive and relevant. For 2020, the Department of Statistics Malaysia estimated that the value of construction work done contracted by 19.4% to RM117.9 billion as compared to RM146.4 billion 2019. In 2021, the construction sector is expected to rebound by 13.9% on account of the acceleration and revival of major infrastructure projects. The civil engineering subsector will continue to be the main driver of the construction sector. Among the major infrastructure projects include Mass Rapid Transit 2 (MRT2), Light Rail Transit 3 (LRT3), West Coast Expressway (WCE) and Bayan Lepas Light Rail Transit (LRT) as well as Pan Borneo and Coastal Highways in Sarawak. Accordingly, Mudajaya's construction revenue dropped by about 7.4% in 2020; partly due to our construction segment operations was halted during the MCO imposed in March/April 2020 by the Government a result of the pandemic and only resumed in May 2020. However, we are confident that the revival of the mega projects will be able to increase the Group's earnings.

Unlike its competitors, the sectoral diversification of Mudajaya enable its does not focus solely on construction; we are also involved in power sector (renewable energy), property development, manufacturing and trading. The property development sector's innovative concept and quick response to the changing market demand has contributed positively to the Group's bottom line despite the sluggish market and amid slower economic growth. The Renewable Energy sector shows promising potential in 2021; with Malaysia has set its goal to reach 6,000MW of total installed capacity or 20% coming from renewable energy by 2025 and the Government set to maximise the green industry by providing the Green Investment Tax Allowance ("GITA"), and Green Income Tax Exemption ("GITE"). Furthermore, tax incentives will be introduced to companies implementing solar leasing activities with income tax exemption of 70% for up to 10 years. All in all, the Group is expecting a better outlook in 2021 both in terms of our top and bottom lines.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("the Board")** of Mudajaya **(**or **"the Company")** is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 December 2020 with reference to the 3 key Principles as set out in the Malaysian Code on Corporate Governance 2017 **("MCCG 2017")**. The Company's application of each Practice set out in MCCG 2017 during the financial year 2020 is disclosed in the Company's Corporate Governance Report **("CG Report")** which is available on the Company's website at *www.mudajaya.com* as well as via the Company's announcement made to Bursa Malaysia Securities Berhad **("Bursa Securities")**.

The Board remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholder value and the financial performance of the Company and its subsidiaries **("the Group")**.

The Board recognises that maintaining good corporate governance is critical to business integrity and performance, and key to delivering shareholder value. The Board continuously evaluates and adapts existing corporate governance practices in line with other known best practices and developments in the corporate sector.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has general oversight of management of the Group. The Board provides direction to Management on the Group's strategy and overall policies for long-term value creation for all stakeholders including shareholders and employees. It endeavours to do this by taking into account the interests of all stakeholders in its decisions.

The Board is not directly involved in the day-to-day management of the Group but implements and monitors adequate guidelines and policies to ensure that Management acts in the best interest of the Group and its stakeholders, and observes and conforms to proper ethical, regulatory and legal requirements. In doing so, the Board has set limits of authority and boundaries for the actions that may be taken by Management and matters that it considers sufficiently material for its deliberation and approval.

In the interest of business efficacy, the Board may delegate authority to achieve the corporate objectives of the Group to the Group Managing Director & Chief Executive Officer **("Group CEO")** and Executive Director, supported by an Executive Committee (a Management-level Committee). The Group CEO and Executive Director remain accountable to the Board for all actions taken by them pursuant to any such authority as well as for their performance in accordance with their contracts of service. Notwithstanding, the Board reserves the authority to consider and make decisions on any matter that it deems of significance to stakeholders and the Group. Furthermore, the Board may establish Key Performance Indicators (KPIs) for Management to ensure that they meet performance and delivery targets for the Group and will provide incentives for performance, and link remuneration and benefits to performance.

The role of the Independent Directors is to take into account the interest of all shareholders and adopt an independent and objective stand on all matters before the Board. Independent Directors must vocalise their views on all matters and act in the best interest of the Group as a whole.

The Board has established Board Committees, namely the Audit Committee **("AC")**, Combined Nomination and Remuneration Committee **("CNRC")**, Risk Management Committee **("RMC")**, Investment Committee and Options Committee to assist the Board with specific matters within their respective terms of reference. The terms of reference of these Board Committees have been approved by the Board but are continuously evaluated to ensure that they are adequate and relevant. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast through the reports from the respective Chairmen of the Board Committees and the minutes of the Board Committee meetings. The ultimate responsibility for decision-making, however, lies with the Board.

Separation of Positions of the Chairman and Group CEO

There is a clear division of responsibilities between the Chairman and the Group CEO to ensure that there is a balance of power and authority such that neither individual has unfettered power over decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman who is an Independent Non-Executive Director, is responsible for the leadership and governance of the Board, ensuring its effectiveness. The Chairman moderates and guides all meetings, and encourages active participation and contribution from all members of the Board. He engages directly with the Group CEO to monitor performance and oversees the implementation of strategies.

The Group CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who manage and direct the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfil its roles, ensuring compliance with the Company's Constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries also oversee the adherence to Board policies and procedures.

Board Meetings and Access to Information and Advice

Each Director has full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

The Board meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. The Board endeavours to deliberate on all important and material matters at physical meetings, however where urgent and unforeseen matters require a decision of the Board and a physical meeting is not possible, the available Directors endeavour to arrive at a consensus by conferring via telephone or other electronic means. The Board may make routine or administrative decisions via circular resolutions. In all cases, the Board decides after receiving the information it requires for an informed decision.

All Directors are provided with an agenda and a set of agenda papers at least 5 business days prior to the Board and Committee meetings to enable the Directors to review and consider the items to be deliberated at the meetings. The Directors may seek advice from Management, or request further explanation, information or updates, where necessary. Additionally, the Board may receive further updates, reports and information to ensure that it is apprised of the latest key business, financial and operational matters.

Financial year 2020 was a challenging year caused by the COVID-19 pandemic which had impacted the global economy causing a slowdown in global operations and closure of borders resulting in challenges to businesses. Management performed an assessment of the overall impact on the Group's operations and financial performance, including reviewing the 2020 budget, cash flow projection and profit forecast. The key focus areas of the Board for the year under review were to ensure long-term sustainability of the business and the well-being and safety of the Group's employees. The Board noted that the market changes rapidly hence, business needs to be agile to respond to such uncertainty and tough business environment. In order to manage the challenging environment, appropriate systems with adequate capacity, security arrangements, facilities and resources were put in place to mitigate risks that could cause interruptions to the Group's businesses.

Board Charter

The Board is guided by the Board Charter which sets out amongst others, the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding good corporate governance standards and practices. The Board Charter also covers the composition of the Board; division of responsibilities between the Chairman and Group CEO; matters reserved for the Board's consideration and approval; procedures for convening Board meetings; Directors' remuneration and training; financial reporting; investor relations; and shareholder communication. The Board Charter is accessible in Mudajaya's website at *www.mudajaya.com*.

Code of Ethics and Conduct

The Board has a formalised Code of Ethics and Conduct **("the Code")** which reflects Mudajaya's vision and core values of integrity, respect, trust and openness. The Code provides clear direction on the conduct of business, workplace behaviour,

CORPORATE GOVERNANCE OVERVIEW STATEMENT

relations with stakeholders and the wider community. It also includes guidance on disclosure of conflict of interests; maintaining confidentiality and disclosure of information; good practices and internal controls; compliance with relevant laws and regulations; and the duty to report where there is a breach of the Code, amongst others. The Code is made available on Mudajaya's website at *www.mudajaya.com.*

Whistleblowing Policy & Procedure

Mudajaya has in place a Whistleblowing Policy & Procedure to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns in strict confidence, about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or other forms of inappropriate or unethical behaviour. Reports can be made anonymously without fear of retaliation or repercussions and will be treated confidentially. There is a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

During the financial year, the Whistleblowing Policy & Procedure was revised for the purpose of compliance with the ISO 37001:2016 Anti-Bribery Management System **("ABMS")**. Mudajaya obtained the ISO 37001:2016 ABMS certification on 10 June 2020. The revised Whistleblowing Policy & Procedure which was approved by the Board on 27 February 2020, is published on Mudajaya's website at *www.mudajaya.com*.

Anti-Bribery and Corruption Policies

In compliance with the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and guided by the principles under the Guidelines for Adequate Procedures and Paragraph 15.29 of the Main Market Listing Requirements of Bursa Securities in relation to anti-bribery, the Board has on 27 February 2020, approved the new Anti-Bribery Policy Statement. On 28 May 2020, the Board adopted the Anti-Bribery Manual and the Anti-Bribery Objectives & Targets.

The Anti-Bribery Policy Statement, Anti-Bribery Manual and the internal policies set out the procedures and measures implemented by Mudajaya to prevent the occurrence of corruption in connection with its business and to ensure compliance with anti-corruption laws in the countries in which the Group operates. These policies serve as control measures to address and manage the risks of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company.

The Anti-Bribery Policy Statement is published on Mudajaya's website at *www.mudajaya.com*.

II. BOARD COMPOSITION

As at 31 December 2020, the Board has 6 members, comprising the Independent Non-Executive Chairman, Group CEO, Executive Director and 3 other Independent Non-Executive Directors. More than half of the Board members consists of Independent Non-Executive Directors, to ensure balance of power and authority on the Board.

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, economics, construction, engineering, real estate investment and property development, of which are skill sets relevant to the Group. A brief profile of each Director is set out under the Directors' Profile section of this Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate size and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. The Independent Directors provide independent judgement, objectivity, and check and balance on the Board.

CNRC

The CNRC comprises all Independent Non-Executive Directors. In conformity with MCCG 2017, the CNRC is chaired by an Independent Non-Executive Director, Dato' Amin Rafie Bin Othman.

The CNRC has written terms of reference dealing with its authority, duties and responsibilities, which is accessible in Mudajaya's website at *www.mudajaya.com*.

The activities of the CNRC during the financial year are summarised as follows:-

(a) Reviewed the evaluation results of the Board and Board Committees, and independence assessment of the Independent Directors.

(b) Reviewed the results of the Director's Self & Peer Evaluation and mix of skills, competencies and experience of Directors.

(c) Reviewed the term of office, competency and performance of the AC and its members.

(d) Reviewed the evaluation results of the performance and contribution of the Group CEO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(e) Reviewed and recommended the re-election of Directors and the retention of an Independent Director who has served on the Board for a cumulative term of 9 years.

(f) Reviewed the training programmes attended by the Directors and assessed the training needs of Directors.

(g) Reviewed and recommended for the Board's approval, the appointment of Dato' Amin Rafie Bin Othman as a member of the AC.

(h) Reviewed and recommended for the Board's approval, the appointment of Dato' Wong Peng Chong as an Independent Non-Executive Director, and a member of the AC and Investment Committee.

The CNRC reports its proceedings and recommendations to the Board for its consideration and approval.

Appointment of New Directors to the Board

The CNRC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. In evaluating the suitability of individuals for Board membership, the CNRC ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics to complement the existing Board and meets its future needs.

A proposed candidate is first considered by the CNRC which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. A formal procedure and process has been established for the nomination and appointment of new Directors. The process includes conducting an interview or engagement session with the shortlisted candidate, if necessary.

Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained.

The Board does not have a specific policy on gender diversity but the CNRC is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in MCCG 2017. The CNRC will endeavour to consider both suitable male and women candidates, and candidates of all ethnicities in the recruitment exercise, when the need arises.

With the resignation of the Non-Independent Non-Executive Director, Mr Wee Teck Nam on 1 September 2020, the CNRC had carried out the Board recruitment exercise to fill this vacancy. Dato' Wong Peng Chong was identified and subsequently appointed as an Independent Non-Executive Director on 22 December 2020.

Tenure of Independent Directors and Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board, taking into account the interests of the Group and the minority shareholders.

In its annual assessment, the CNRC reviewed the independence of Independent Directors. Based on the assessment, the Board is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations, and is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Re-election of Directors

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office at each Annual General Meeting **("AGM")**. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board, they are subject to re-election at the next AGM following their appointment.

The performance of those Directors who are subject to re-election at the AGM will be subject to assessment conducted by the CNRC, whereupon the CNRC's recommendations are made to the Board on the proposed re-election of the Directors concerned for shareholders' approval at the AGM. The re-election of each Director is voted as a separate resolution during the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Evaluation of Directors

The Board annually evaluates its performance and governance processes with the aim of improving individual Director's contributions, and effectiveness of the Board and its Committees.

During the financial year, a Board evaluation exercise was carried out to assess the performance and effectiveness of the Board, Board Committees and the contribution of each Director based on a set of pre-determined criteria.

The CNRC reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

Time Commitment

During the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and AGM, would be prepared and circulated to them at the end of every year.

A total of 5 Board meetings were held during the financial year ended 31 December 2020 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Dato' Yusli Bin Mohamed Yusoff	5/5	100%
Ir. James Wong Tet Foh	5/5	100%
Lee Eng Leong	5/5	100%
Chew Hoy Ping	5/5	100%
Dato' Amin Rafie Bin Othman	5/5	100%
Dato' Wong Peng Chong *(Appointed on 22 December 2020)* *(Resigned on 13 May 2021)*	Nil*	–

** Based on the number of meetings attended during the time the Director held office.*

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Securities.

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are focused on the affairs of the Group.

Directors' Training, Development and Induction

The Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the skills and knowledge in discharging its responsibilities.

All the Directors, apart from attending the Mandatory Accreditation Programme as required by Bursa Securities, have also attended other training programmes organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in Board deliberations and maximise their effectiveness during their tenure.

The Directors have ongoing access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Annually, the Board (through the CNRC) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes/seminars/conferences/workshops/webinars attended by the Directors during the financial year ended 31 December 2020 are as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Training Programmes Attended	Organiser	Date
Dato' Yusli Bin Mohamed Yusoff	1) Working visit to FGV downstream operations	FGV Holdings Berhad	13-15 February 2020
	2) Corporate Governance & Ethics: Graduates for the corporate sector *(attended as a speaker)*	Universiti Utara Malaysia's School of Education & Modern Languages	10 March 2020
	3) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	4) What are the temporary relief measures for listed issuers during COVID-19 pandemic?	Tricor Malaysia	15 May 2020
	5) How to be an effective Non-Executive Director in a disruptive world	Institute of Corporate Directors Malaysia	21 September 2020
	6) MACC Act Section 17A	KPJ Healthcare Bhd & Muhammad Ridza & Co.	15 October 2020
	7) Private Healthcare Act 1988	KPJ Healthcare Bhd & Raja, Daryl & Loh	15 October 2020
	8) Shipping & cargo trends and sustainability requirement for ports	Westports Holdings Bhd & Ocean Shipping Consultants of Royal Haskoning	25 November 2020
	9) Malaysian Financial Reporting Standards	FGV Holdings Bhd & PricewaterhouseCoopers Malaysia	1 December 2020
	10) COVID-19 and the future of business *(attended as a speaker and panellist)*	Universiti Kebangsaan Malaysia's Faculty of Economics & Management	2 December 2020
Ir. James Wong Tet Foh	1) Dialogue Session with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia): Re-inventing the Malaysian Business Landscape Post-MCO	Kuala Lumpur Business Club	15 May 2020
	2) Section 17A MACC Act 2009: A New Horizon in Malaysian Corporate Accountability	KPMG Malaysia	12 June 2020
	3) CEO Roundtable: Sustainability by Design – Leading Sustainability Centric Corporations *(attended as a panel speaker)*	United Nations Global Compact Network Malaysia	29 July 2020
	4) Fraud Risk Management Workshop	PricewaterhouseCoopers Malaysia	16 November 2020
	5) Corporate Sustainability Virtual Summit 2020	United Nations Global Compact Network Malaysia	23 & 24 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Training Programmes Attended	Organiser	Date
Ir. James Wong Tet Foh (cont'd)	6) Sustainable Brand Transformation Roadmap	Acacia Blue Sdn Bhd	25 November 2020
	7) PETRONAS: Resilience and Sustainability amidst a Challenging Environment	Kuala Lumpur Business Club	30 November 2020
	8) Forbes Asia CEO Webinar	Forbes Asia	1 & 2 December 2020
	9) Post-Budget Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia)	Kuala Lumpur Business Club	7 December 2020
Lee Eng Leong	1) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	2) Dialogue Session with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia): Re-inventing the Malaysian Business Landscape Post-MCO	Kuala Lumpur Business Club	15 May 2020
	3) Captains' Forum: Transformation towards recovery (Session 1: Financial Resilience)	KPMG Malaysia	25 September 2020
	4) Captains' Forum: Transformation towards recovery (Session 2: Operational Resilience)	KPMG Malaysia	9 October 2020
	5) Audit Committee Institute Virtual Roundtable 2020: ESG Perspective – Managing Recovery and Resilience	KPMG Malaysia	12 November 2020
	6) Business Foresight Forum 2020: Evolutionary Change to Revolutionary Impact – Reimagining a New World Post COVID-19	Securities Industry Development Corporation	18 & 19 November 2020
	7) The 2021 Budget: Insights from Dr Veerinderjeet & Members Forum	Malaysian Institute of Certified Public Accountants	20 November 2020
	8) The Importance and Opportunities of Digitalisation During COVID and Beyond	Malaysia Australia Business Council	25 November 2020
	9) Post-Budget Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz (Minister of Finance, Malaysia)	Kuala Lumpur Business Club	7 December 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors		Training Programmes Attended	Organiser	Date
Chew Hoy Ping	1)	Cyber & Economic Crime: Fraudsters & cyber criminals too, can work from home	PricewaterhouseCoopers Malaysia	23 April 2020
	2)	Presentation of Financial Statements: A Change for Better Comparability and Transparency of Companies' Performance Reporting	Financial Reporting Foundation & Malaysian Accounting Standards Board	27 April 2020
	3)	Governance and risk: An uncertain world, a riskier landscape	PricewaterhouseCoopers Malaysia	30 April 2020
	4)	COVID-19 impact on financial reporting: Not business as usual	PricewaterhouseCoopers Malaysia	5 May 2020
	5)	The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	6)	Are Boards Ready for Climate Change	Skrine & Co.	4 June 2020
	7)	ESG Trends & Regulatory Developments	Iclif Executive Education Center	11 June 2020
	8)	Practical Insights on Corporate Liability: 25 Days Later	Skrine & Co.	25 June 2020
	9)	Optimising Risk & Resilience Planning to Manage Disruptions	Tricor Malaysia	18 September 2020
	10)	Amendments to Listing Requirements 2019/2020 & Analysis of Corporate Governance Report 2019/2020	Tricor Malaysia	16 October 2020
	11)	Malaysia's COVID-19 Act 2020	Malaysian Institute of Accountants	22 October 2020
	12)	PwC Malaysia's Budget 2021 Webinar: Paving the way towards a resilient future	PricewaterhouseCoopers Malaysia	17 November 2020
	13)	Fraud Risk Management Workshop	Bursa Malaysia & PricewaterhouseCoopers Malaysia	18 November 2020
	14)	Mastering Cyber Security to Mitigate Fraud	Malaysian Institute of Accountants	2 December 2020
	15)	Managing Risk Effectively Amidst Uncertainty	Malaysian Institute of Accountants	17 December 2020
	16)	The Value Reporting Foundation: A game changer merger to simplify the corporate reporting landscape	Malaysian Institute of Certified Public Accountants	17 December 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Training Programmes Attended	Organiser	Date
Dato' Amin Rafie Bin Othman	1) The clear and present risks facing organisations under COVID-19	Federation of Public Listed Companies Bhd	13 May 2020
	2) COVID-19: Financial Reporting on Going Concern, Risk and Viability	Malaysian Institute of Accountants	17 November 2020
	3) Managing Risks through a Global Pandemic	Malaysian Institute of Accountants	17 & 18 November 2020

III. REMUNERATION

Remuneration Policies and Procedures

The objective of Mudajaya's remuneration policies is to attract and retain Directors and key senior management of high calibre needed to run the Company successfully. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects their experience, expertise and level of responsibilities undertaken by the Non-Executive Directors concerned.

Market survey data on the remuneration practices of comparable companies is taken into consideration in determining the remuneration packages for the Directors and key senior management.

CNRC

The role of the CNRC is to assist the Board in overseeing the remuneration policies of the Group. The CNRC is authorised to commission independent advice for the purpose of discharging its duties and responsibilities.

During the financial year, the CNRC evaluated the Group CEO and Executive Director against the set performance criteria, and reviewed and recommended their compensation packages for the Board's approval, with the Directors concerned abstaining from deliberation and voting on the same.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the CNRC. Each of the Non-Executive Directors abstained from deliberating and voting in respect to his individual remuneration. Directors' fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.

Details of Directors' Remuneration

Details of remunerations of the Directors of Mudajaya (received from the Company and on a group basis respectively) for the financial year ended 31 December 2020 are as follows:

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Ir. James Wong Tet Foh	–	600	–	78	–	–	–	678
Lee Eng Leong	–	542	–	65	–	–	–	607

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Non-Executive Directors								
Dato' Yusli Bin Mohamed Yusoff	200	–	–	–	106	36	35	377
Chew Hoy Ping	80	–	–	–	55	30	–	165
Dato' Amin Rafie Bin Othman	80	–	–	–	11	24	–	115
Wee Teck Nam *(Resigned on 1 September 2020)*	53	–	–	–	–	18	–	71
Dato' Wong Peng Chong *(Appointed on 22 December 2020)*	2	–	–	–	–	–	–	2
Received from the Company	**415**	**1,142**	**–**	**143**	**172**	**108**	**35**	**2,015**
Executive Directors								
Ir. James Wong Tet Foh	–	600	–	78	–	–	42	720
Lee Eng Leong	–	542	–	65	–	–	38	645
Received from a subsidiary	**–**	**1,142**	**–**	**143**	**–**	**–**	**80**	**1,365**
Total Group	**415**	**2,284**	**–**	**286**	**172**	**108**	**115**	**3,380**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

The Board is assisted by the AC in governing its oversight of the Group's financial reporting, as well as the quality and integrity of its financial reporting. The quarterly results and audited financial statements are reviewed by the AC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

As at 31 December 2020, the AC has 4 members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Chew Hoy Ping, the Senior Independent Non-Executive Director, who is not the Chairman of the Board. All members of the AC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the AC. They also have sufficient understanding of the Company's businesses.

In 2020, the AC members had attended training programmes to keep themselves abreast of the latest developments in accounting/auditing standards, regulatory requirements and corporate governance.

The AC Report as set out in this Annual Report, provides the details of the AC's activities which among others, include the annual assessment on the suitability, objectivity and independence of the external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board has the ultimate responsibility of approving the risk management framework and policy as well as overseeing the Group's risk management and internal control framework.

Mudajaya has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through oversight of the RMC and reports received from this Committee, makes high level assessments of the key risks inherent in the Group and proposes or endorses mitigating measures for any identified risks, including business disruption risks and investment risks.

The Statement on Risk Management and Internal Control as set out in this Annual Report, provides an overview of the state of internal controls and risk management within the Group.

Internal Audit and Risk Management Functions

The Board has the ultimate responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement, loss or fraud.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Group has an established internal audit function performed in-house by the Group Internal Audit & Risk Management Department, which reports directly to the AC. Its main role is to undertake regular reviews of the Group's systems of controls, procedures and operations so as to provide independent and objective assurance to the AC regarding the adequacy and effectiveness of internal control, risk management and governance systems.

The AC Report as set out in this Annual Report, outlines the details of the activities of the internal audit function.

Directors' Responsibilities Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:-

(a) ensured that the financial statements are in accordance with the provisions of the Companies Act 2016, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;
(b) adopted the appropriate accounting policies and applied them consistently; and
(c) made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Periodic and Continuous Disclosure

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material matters affecting the business and performance of the Company. Announcements to Bursa Securities are made on developments or events significantly affecting the Group. Financial results are released on a quarterly basis to provide shareholders and other stakeholders with a regular overview of the Group's performance. All announcements made by the Company to Bursa Securities are also available to shareholders and the market on the Investor Relations section of Mudajaya's website.

The Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company Website

The Company's website, *www.mudajaya.com* provides detailed information on the Group's businesses and latest development. The website has a dedicated section on investor relations and corporate governance which contains announcements to Bursa Securities, quarterly financial results and annual reports, among others. In addition, the website also offers additional information which includes the Board, senior management team and corporate information.

Shareholders and Investors Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about Mudajaya and its activities, it also recognises that shareholders and investors may have specific queries and require additional information.

To ensure that shareholders and investors can obtain all relevant information about the Group, they are encouraged to direct their queries to:

Investor Relations
Mudajaya Group Berhad
PH1, Menara Mudajaya
No. 12A, Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan
Tel No : (603) 7806 7899
Email : info@mudajaya.com

II. CONDUCT OF GENERAL MEETINGS

Encourage Shareholder Participation at General Meetings

General meetings represent the principal forum for dialogue and interaction with shareholders. The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the AGM.

The Company conducted its first fully virtual AGM during the Recovery Movement Control Order on 7 August 2020 through live streaming and online remote voting via Remote Participation and Voting **("RPV")** facilities. The Notice of AGM with sufficient information of businesses to be dealt with thereat, together with the Proxy Form, Administrative Guide for AGM and Request Form (for printed copy of Annual Report and/or Share Buy-Back Statement), were sent to shareholders more than 28 days ahead of the meeting date. The Notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the Notice of AGM, Proxy Form, Administrative Guide and Request Form were posted on the websites of Mudajaya and Bursa Securities.

Each item of special business included in the Notice of AGM was accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and senior management, and they are encouraged to participate in the question and answer session.

At the 2020 AGM, due to the restrictions imposed by the Malaysian Government, only limited essential individuals were allowed to be physically present at the broadcast venue. The Chairman together with 4 Directors and the Company Secretary were physically present at the broadcast venue of the AGM while one Director and the shareholders/proxies participated in the AGM remotely.

At the said AGM, the Group CEO presented an overview of the Group's performance and strategies. The Group CEO also shared with the shareholders/proxies, the Company's responses to questions submitted by the Minority Shareholder Watchdog Group prior to the AGM. Shareholders and proxies were encouraged to pose their questions using the message icon via the RPV facilities. The Chairman, Group CEO and Executive Director responded to all the questions posed by the shareholders and proxies. In addition, the external auditors, KPMG PLT were in attendance remotely via video conferencing to answer questions on the audited financial statements.

Electronic Poll Voting

All the Company's shareholders are entitled to appoint proxy/proxies or corporate representatives to vote on their behalf in their absence at general meetings.

To strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at the AGM in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities. An independent scrutineer for the electronic poll voting process was appointed to verify the votes. The scrutineer then announced the poll results which were also displayed on the screen. Subsequently, the poll results were announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders.

This Corporate Governance Overview Statement together with the CG Report were approved by the Board on 18 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Securities:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 26 August 2020, the Company completed its private placement exercise with the listing of 58,987,000 ordinary shares on the Main Market of Bursa Securities. The 58,987,000 ordinary shares which were issued at RM0.2388 per share, had raised gross proceeds of RM14.09 million. The proceeds raised from the private placement had been fully utilised as at 31 December 2020 in the following manner:-

Purpose	Utilisation RM'000
Partial repayment of borrowings	10,000
Working capital	3,966
Estimated expenses	120
Total:	**14,086**

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2020 are as follows:-

	Group RM'000	Company RM'000
Audit fees		
- Statutory auditors	445	130
- Other auditors	7	–
Subtotal:	**452**	**130**
Non-audit fees		
- Statutory auditors	10	10
Subtotal:	**10**	**10**
Total:	**462**	**140**

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

Other than those disclosed in the audited financial statements, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of directors or major shareholders during the financial year ended 31 December 2020.

4. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company has one ESOS in existence and during the financial year ended 31 December 2020, no options over ordinary shares **("options")** were granted to eligible employees. There was no exercise of options during the financial year.

The total number of options granted, exercised, rejected, forfeited and outstanding under the ESOS as at 31 December 2020 are set out below:-

	Directors	Eligible Employees	Total
Total number of options granted	9,200,000	38,520,700*	47,720,700
Total number of options exercised	–	(4,102,000)	(4,102,000)
Total number of options rejected and forfeited	–	(23,595,500)	(23,595,500)
Total options outstanding	**9,200,000**	**10,823,200**	**20,023,200**

** Include 4,455,000 options granted to senior management*

The Company did not grant any options to the Non-Executive Directors of the Company under the ESOS during the financial year.

Pursuant to the Company's ESOS By-Laws, not more than 50% of the options available under the ESOS shall be allocated in aggregate, to Directors and senior management. Since the commencement of the ESOS up to 31 December 2020, 28.6% of the options granted under the ESOS has been granted to Directors and senior management.

AUDIT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The AC comprises the following members, all of whom are Independent Non-Executive Directors and none of them is an alternate director.

1. Chew Hoy Ping *(Chairman)*
   (Senior Independent Non-Executive Director)

2. Dato' Yusli Bin Mohamed Yusoff *(Member)*
   (Independent Non-Executive Director)

3. Dato' Amin Rafie Bin Othman *(Member)*
   (Independent Non-Executive Director)
   – Appointed on 1 September 2020

4. Dato' Wong Peng Chong *(Member)*
   (Independent Non-Executive Director)
   – Appointed on 22 December 2020
   – Resigned on 13 May 2021

All members of the AC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the AC. In particular, the AC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities. Mr Chew Hoy Ping being the AC Chairman, is also an Independent Non-Executive Director, as required under Chapter 15, Paragraph 15.10 of the Main Market Listing Requirements of Bursa Securities.

The Board has reviewed the term of office of the AC and conducted an annual assessment of the composition, performance and effectiveness of the AC and its members based on the recommendations of the CNRC. The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's terms of reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

The profile of each member of the AC is set out in the Directors' Profile section of this Annual Report.

TERMS OF REFERENCE ("AC CHARTER")

The AC Charter, which outlines the AC's composition, meetings and minutes, authority as well as duties and responsibilities, are published on Mudajaya's website at *www.mudajaya.com*.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2020, the AC held 5 meetings. The details of attendance of the AC members are as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Dato' Yusli Bin Mohamed Yusoff	5/5
Dato' Amin Rafie Bin Othman *(Appointed on 1 September 2020)*	1/1*
Dato' Wong Peng Chong *(Appointed on 22 December 2020)* *(Resigned on 13 May 2021)*	Nil*

* *Based on the number of meetings attended during the time the AC members held office.*

The Group CEO, Executive Director, Financial Controller, Deputy Financial Controller and Head of Internal Audit & Risk Management Department **("IARMD")** were invited to attend the meetings for the purpose of briefing the AC on the activities involving their areas of responsibilities.

The external auditors were present at 3 of the meetings held. The AC also met with the external auditors without the presence of the executive board members and Management at 2 of those meetings.

The AC Chairman would brief the Board on the proceedings of each AC meeting. Minutes of each AC meeting were also tabled for confirmation at the following AC meeting and subsequently tabled to the Board for notation.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AC

During the financial year up to the issuance date of this Annual Report, the AC carried out its activities in line with its AC Charter, which are summarised as follows:-

1. Financial Reporting

- Reviewed and discussed with Management, the financial and cash flow reports of the Company and the Group at the AC meetings held on 25 February 2020, 27 May 2020, 25 August 2020, 24 November 2020, 22 February 2021 and 24 May 2021. The financial and cash flow reports were also tabled to the Board for notation.

- Reviewed the quarterly financial results for the 4th quarter of 2019 and the annual audited financial statements of 2019 for recommendation to the Board for approval and release to Bursa Securities, at the AC meetings held on 25 February 2020 and 9 April 2020 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2020, the annual audited financial statements of 2020 and the financial results for the 1st quarter of 2021 for recommendation to the Board for approval and release to Bursa Securities, focusing particularly on:

  o compliance with accounting and financial reporting standards, legal and other regulatory requirements;
  o changes in or adoption of accounting policies and practices changes;
  o significant matters including financial reporting issues, significant judgements made by Management, as well as significant and unusual events or transactions;
  o the outlook and prospects of the Group;
  o cash flow, financing and going concern assumptions; and
  o significant audit issues and adjustments arising from audit

  at the AC meetings held on 27 May 2020, 25 August 2020, 24 November 2020, 22 February 2021, 5 April 2021 and 24 May 2021 respectively.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report, at the AC meeting held on 25 February 2020.

  The AC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the requirements under paragraphs 41 & 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* **("Guidelines")**.

- Reviewed and approved the AC Report for inclusion in the 2019 Annual Report, at the AC meeting held on 9 April 2020.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2019 Annual Report, as well as the CG Report for submission to Bursa Securities at the AC meeting held on 9 April 2020.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report, at the AC meeting held on 22 February 2021.

  The AC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the Guidelines.

- Reviewed and approved the AC Report for inclusion in the 2020 Annual Report, at the AC meeting held on 5 April 2021.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2020 Annual Report, as well as the CG Report for submission to Bursa Securities at the AC meeting held on 5 April 2021.

AUDIT COMMITTEE REPORT

3. Internal Audit

- Reviewed the internal audit reports presented by the IARMD that detailed the audit findings and recommended corrective actions, as well as Management's responses and action plans in addressing the identified risks and internal control deficiencies, at the AC meetings held on 25 February 2020, 27 May 2020, 25 August 2020, 24 November 2020, 22 February 2021 and 24 May 2021. A total of 8 audit engagements were completed in 2020.

  Risk-based audits were performed on selected business units within the Group based on the approved internal audit plan and those requested by Management. The audit areas which were covered included amongst others, project management, project cost management, purchasing processes, liquidated damages risk, and power plant and construction projects.

  At each AC meeting, the IARMD provided an update on audit activities and the status of implementation of prior quarter audit report recommendations until they were fully implemented. Where appropriate, the AC was also apprised of key initiatives and continuous improvement activities being undertaken by the IARMD.

- Reviewed and recommended to the Board for approval, the revised Whistleblowing Policy & Procedure, the revised Enterprise Risk Management Policy & Procedure and the Anti-Bribery Policy Statement for compliance with the ISO 37001:2016 ABMS, at the AC meeting held on 25 February 2020.

- Reviewed and discussed the status of progress of the implementation of ABMS, at the AC meetings held on 25 February 2020, 27 May 2020 and 22 February 2021.

- Reviewed the risk-based 3-year internal audit plan for 2021-2023, at the AC meeting held on 27 May 2020. The areas which were covered in the audit plan included construction and property projects, concession assets, precast, enterprise risk management and central purchasing.

- Reviewed and approved the risk-based 3-year internal audit plan for 2021-2023 covering the areas mentioned above, at the AC meeting held on 24 November 2020.

4. External Audit

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2019, at the AC meeting held on 25 February 2020.

  The external auditors briefed the AC among others, on the audit status and outstanding matters, audit focus areas (i.e. key audit matters and other significant audit matters), audit findings and status of assessment of impact on the adoption of Malaysian Financial Reporting Standards **("MFRS")** 16 *(Lease Arrangements - Transition)*.

- Reviewed with the external auditors on 25 February 2020, 24 November 2020 and 22 February 2021 without the presence of the executive board members and Management, the extent of assistance rendered by Management and issues arising from their audit. The AC was satisfied with the openness in communication and interaction with the engagement partner and his team, which demonstrated their independence and professionalism.

  In addition, the Chairman and members of the AC periodically held informal discussions with the engagement partner of the external auditors to ensure audit issues were addressed on a timely basis.

- In February 2020, the AC undertook an assessment of the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the 2020 AGM, which included a structured evaluation questionnaire completed by each member of the AC. The questionnaires which are used as an assessment tool, are based on a 4-scale rating or 'Yes' and 'No' answer, whichever is applicable for each question. The areas which were covered in the assessment encompassed the external auditors' performance in terms of skills, expertise and competencies, calibre of the external audit firm, independence and objectivity, audit scope and planning, reasonableness of audit fees, provision of non-audit services and quality of communications with the AC. This annual evaluation provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance.

AUDIT COMMITTEE REPORT

The evaluation results were tabled at the AC meeting held on 25 February 2020. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements. The AC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the AGM of the Company.

The Board at its meeting held on 27 February 2020, approved the AC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the AGM of the Company. The shareholders had duly approved the re-appointment of external auditors at the AGM held on 7 August 2020.

- Reviewed the proposed audit and non-audit fees of the external auditors for the financial year ended 31 December 2019, at the AC meeting held on 25 February 2020.

  The non-audit services comprised the review of the Statement on Risk Management and Internal Control, and the audit of MFRS 16 transition. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the AC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors on 9 April 2020, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2019, where relevant disclosures in the annual audited financial statements were deliberated.

- Reviewed with the external auditors, their audit plan, scope of audit, audit timeline, audit focus areas (i.e. key audit matters and other significant audit matters) and the financial reporting implications arising from the COVID-19 pandemic in relation to the audit of the financial statements for the year ended 31 December 2020, at the AC meeting held on 24 November 2020.

- Reviewed with the external auditors, the audit report, issues, outstanding matters, audit focus areas, audit findings and conclusions, as well as Management responses arising from their audit of the financial statements for the year ended 31 December 2020, at the AC meeting held on 22 February 2021.

  The external auditors briefed the AC among others, on the audit status and outstanding matters, audit focus areas (i.e. key audit matters and other significant audit matters), audit findings and status of assessment of impact on the adoption of MFRS 16.

  Pursuant to the new and revised Auditor Reporting Standards which took effect from 16 December 2016, the AC reviewed the key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The 2 key audit matters which were highlighted to the AC (to be disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) were:

  (a) Revenue, Profit Recognition and Provisions on Long Term Construction Contracts; and

  (b) Valuation of Properties held for sale and Properties under Development.

- In February 2021, the AC also assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2021 AGM, via the same assessment tool as described above. The evaluation results were tabled at the AC meeting held on 22 February 2021, and the AC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the forthcoming AGM of the Company. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements.

  The Board at its meeting held on 24 February 2021, approved the AC's recommendation based on the evaluation results, for the re-appointment of external auditors, subject to the shareholders' approval being sought at the forthcoming AGM of the Company.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2020, at the AC meeting held on 5 April 2021.

AUDIT COMMITTEE REPORT

The non-audit services comprised the review of the Statement on Risk Management and Internal Control. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the AC was satisfied that the provision of non-audit services by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors on 5 April 2021, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2020, where relevant disclosures in the annual audited financial statements were deliberated.

5. Risk Management

- Reviewed the half-yearly enterprise risk management reports submitted to the RMC, and the appropriateness of Management's responses to significant risk areas and proposed recommendations for mitigation. These risk management reports were tabled to the Board for notation.
- Assessed the adequacy and effectiveness of the risk management and internal control system.

6. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, at the AC meetings held on 25 February 2020, 27 May 2020, 25 August 2020, 24 November 2020, 22 February 2021 and 24 May 2021.

7. Other Matters

- Reported to the Board at its quarterly meetings on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.
- The Chairman and members of the AC have held informal sessions and interactions with Management throughout the year which were aimed at obtaining a better understanding of business operations and risks related issues, and the resolution of issues.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Group has an established independent internal audit function performed in-house by the IARMD, which reports directly to the AC.

As at 31 December 2020, the IARMD comprised 3 personnel. The name and qualification of each member of the IARMD are set out below:

1. Mr Mok Yew Pong holds the position of the Head of IARMD. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

2. Mr Lai Heng Loong holds the position of Assistant Manager. He has a Bachelor of Accounting (Hons) and is a member of the Malaysian Institute of Accountants.

3. Mr Tan Hwan Sin holds the position of Senior Executive. He has a Bachelor of Accounting (Hons) and is a member of the Malaysian Institute of Accountants.

None of the IARMD personnel has any relationships or conflicts of interest that would impair the objectivity or independence of the function in the performance of their duties.

The main role of the IARMD is to undertake regular reviews of the Group's systems of controls, procedures and operations so as to provide independent and objective assurance to the AC regarding the adequacy and effectiveness of internal control, risk management and governance systems.

The IARMD adopts a risk-based approach as guided by the Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing, in developing the annual internal audit plan for approval by the AC. The IARMD is guided by the Internal Audit Charter on their authority, duties and responsibilities.

The AC reviews the quarterly internal audit reports from IARMD based on the approved audit plan on the effectiveness and adequacy of the governance, risk management, operational and compliance processes. Follow-up reviews on a quarterly basis were also undertaken to ascertain the status of implementation of prior quarter audit recommendations, the results of which were reported to the AC. A total of 8 audit engagements were completed in 2020.

AUDIT COMMITTEE REPORT

Apart from the aforesaid internal audit mandate, the IARMD is also responsible for facilitating and assisting Management in maintaining a structured risk management framework to identify, evaluate and manage the significant risks facing the Group. The IARMD submits semi-annual reports on enterprise risk management for the Group to the RMC for review and deliberation.

The IARMD's scope of responsibilities extends to all business and operational units within the Group. In fulfilling its mandate, the IARMD conducted the following activities during the financial year up to the issuance date of this Annual Report:

(a) Performed and completed audits on selected business units within the Group based on the approved internal audit plan and Management's request. The audit areas which were covered included project management, project cost management, purchasing processes, liquidated damages risk, and power plant and construction projects.

(b) Tabled to the AC at its quarterly meetings, the audit reports for the above audits incorporating the audit findings, audit recommendations and Management responses. Follow-up audit was conducted and the status of implementation on the agreed action plans was reported to the AC.

(c) Prepared the half-yearly enterprise risk management reports submitted to the RMC, and the appropriateness of Management's responses to significant risk areas and proposed recommendations for mitigation.

(d) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report, at the AC meeting held on 25 February 2020.

(e) Prepared and tabled the revised Whistleblowing Policy & Procedure, the revised Enterprise Risk Management Policy & Procedure and the Anti-Bribery Policy Statement for compliance with the ISO 37001:2016 ABMS, at the AC meeting held on 25 February 2020.

(f) Prepared and tabled the status of progress of the implementation of ABMS, at the AC meetings held on 25 February 2020, 27 May 2020 and 22 February 2021.

(g) Prepared and tabled for the AC's approval, the risk-based 3-year internal audit plan for 2021-2023, at the AC meeting held on 27 May 2020. The areas which were covered in the audit plan included construction and property projects, concession assets, precast, enterprise risk management and central purchasing.

(h) Prepared and tabled for the AC's approval, the risk-based 3-year internal audit plan for 2021-2023 covering the areas mentioned above, at the AC meeting held on 24 November 2020.

(i) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report, at the AC meeting held on 22 February 2021.

In February 2020, the AC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2019. The appraisal covered the adequacy of IARMD's scope, its functions, resources, authority and independence, as well as the competency of internal audit staff. The results of the evaluation were tabled at the AC meeting held on 25 February 2020. Overall, the AC was satisfied with the performance of the IARMD. Certain areas which required improvement were also highlighted.

In February 2021, the AC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2020, which covered the areas mentioned above. The results of the evaluation were tabled at the AC meeting held on 22 February 2021. The AC was satisfied with the performance of the IARMD.

The costs incurred by IARMD in discharging its functions and responsibilities during the financial year ended 31 December 2020 amounted to RM299,349.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and the recommendations of MCCG 2017 with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing and maintaining an adequate and effective risk management framework and internal control system which has been included in all aspects of the activities and operations of the Group. This framework has been set in place by the Board to identify, evaluate, mitigate and monitor the risks faced by the Group. The Board together with senior management continually reviews the adequacy and effectiveness of the risk management framework and internal control system to manage the Group's principal and relevant risks within its risk appetite and tolerances.

The Board recognises that the framework is designed to mitigate rather than to eliminate risks or events which may significantly impact the achievement of the Group's business objectives and strategies. Accordingly, such systems can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

The Group does not include material joint ventures and associates as the Group does not have management control over them. The Group ensures that the investments are protected by Board representation in these investments. Notwithstanding this, Management oversees and monitors the administration, operations and performance of these material joint ventures and associates. Regular reporting of financial information and risk reviews ensure that their performance and risks are properly managed and controlled.

RISK MANAGEMENT

The Board, with the assistance of the AC and RMC, confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group throughout the year under review and up to the date of approval of this Statement for inclusion in the Annual Report. The AC and RMC assist the Board on the oversight of risk management for identification, managing and monitoring the principal risks of the Group. The Board retains the overall accountability for the Group's risks.

A risk management framework together with the standard operating policy and procedure, which has been communicated to the Management team, serves as a guide to the Group's risk management policy, risk management processes and reporting framework.

The RMC, chaired by the Independent Non-Executive Chairman, meets with certain Directors and senior management on a 6-monthly basis to review and deliberate on the top risks and the risk management actions taken. The Management team assists the RMC and the Board in implementing the process of identifying, evaluating and managing the significant risks applicable to their respective areas of business and in formulating suitable mitigation and internal controls to control these risks. Each business unit submits their risk registers and risk assessment reports which are presented via the IARMD to the RMC for their review and deliberation. The RMC reviews matters such as identification and responses to address significant risks, internal control systems and adequacy of the risk mitigation actions within the Group's risk appetite and tolerances to enhance shareholders' investments, safeguarding of assets, enhance opportunities, reduce threats and maintain corporate sustainability. IARMD reviews these risk registers to provide further assurance on the compliance and effectiveness of the risk management and internal control system. The RMC receives from Management and IARMD, the Enterprise Risk Management report every 6 months which summarises the risk assessment and mitigation actions on the Group's top risks for review and deliberation.

AC

The AC, which is chaired by an Independent Non-Executive Director, is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control with the assistance of the in-house IARMD. On a quarterly basis, internal audit reports are prepared on the adequacy, efficiency and effectiveness of the system of internal control based on the current annual audit plan approved by the AC or where as directed by the AC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board is committed in its efforts to maintain a reliable system of internal control and ensure it is updated in line with changes in the operating and business environment. The Board regularly reviews the process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as planned strategies to determine whether risks are mitigated and well managed.

Other key elements of the Group's risk management and internal control system, which have been in place throughout the financial year under review and up to the date of the Directors' report, are as follows:

- Various Board Committees have been established to assist the Board in discharging its duties, namely:
  - AC
  - Investment Committee
  - RMC
  - CNRC
  - Employees' Share Option Scheme Committee
  - Executive Committee
  - Tender Committee
- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits which have been established by the Board for the various Board Committees and Management.
- The Group's vision, mission, corporate philosophy and strategic direction are communicated to employees at all levels.
- Financial and operations performance reports are submitted to the Executive Directors and senior management. Management meetings are held among the Executive Directors and divisional heads; and during these meetings, reports and status updates of the business activities and projects are discussed and necessary actions are taken.
- The strategic plan and direction of the Group are encapsulated in the annual budgetary process that requires business units to prepare budgets and business plans that are approved by the Directors, and the control measures to mitigate identified risks for the forthcoming year. Significant variances in the quarterly financial reports are highlighted against budgets and comparative results and explained to the AC prior to presenting to the Board for approval. In addition, major project cost budgets are established with monthly tracking of actual costs so that such costs and project profitability are properly controlled and monitored independently by the Finance Department.
- Adequate financial information and key business or performance indicators are presented to senior management and the Board to assist in the review of the Group's performance.
- Internal policies and guidelines are communicated to all employees through standard operating policies and procedures, memoranda and handbooks.
- The enterprise risk management system in place is complemented by the process of risk identification and mitigation during major project tenders so that in the event the project tender is secured, project management shall follow through the risk mitigation measures during project execution.
- Adequate insurances where applicable for projects and assets of the Group are taken up to cover any insurable adverse events that may result in losses to the Group.
- The information technology system has systems and procedures to protect against the risks of cybersecurity intrusions, unauthorised access, unauthorised software use, corruption and loss of information assets. In addition, the system has in place to protect and manage the confidentiality, integrity and availability of data and the information infrastructure.
- The operations in the Group's investment in the major associate known as R.K.M. Powergen Private Limited ("RKM"), which is involved in the Chhattisgarh power plant in India, are subject to regulatory and operational requirements imposed by the regulator, Central Electricity Regulatory Commission of India.
- External management system certifications currently applied to the Group are as follows:
  - The Construction and Precast Manufacturing Divisions are accredited under the ISO 9001:2015 Quality Management System which is designed to consistently provide products and services that meet customer and regulatory requirements.
  - Both ISO 14001:2015 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Management System certifications ensure that adequate controls and good governance are in place to manage environmental and safety matters for the Construction Division.
  - During the year, the Group successfully obtained certification under ISO 37001:2016 Anti-Bribery Management Systems to prevent, detect and respond to bribery and corruption. This system is designed to be integrated into the Group's existing management processes and controls to

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

demonstrate adequate procedures are in place and to enhance corporate governance.

These management systems are also subjected to yearly external audit by the respective certification bodies to ensure continued conformity of the respective management system.

- The AC also met with the external auditors to discuss the external audit plan, review key audit issues and present their findings on the evaluation of the internal control system either formally or privately to the AC.
- The Human Capital system embraces a structured procedure for talent acquisition and management, employment practices, organisational and succession planning. A performance management system with defined criteria for performance with business objectives and targets are set for employees. Selected employees are provided training and development based on their training needs to meet their job performance expectations.
- All employees are governed by a Code of Ethics and Conduct who are required to acknowledge as having read and understood the Code upon commencement of employment.
- An established whistleblowing process provides an avenue for whistle-blowers to communicate their concerns or on matters of integrity in a confidential manner so that these can be investigated for effective resolution.
- Regular visits to operating units and project sites by the senior management, finance staff and internal auditors.

INTERNAL AUDIT

The internal audit function of the Group is performed by the in-house IARMD, which reports directly to the AC.

The IARMD carries out independent reviews on the state of the internal control of the Group's business activities based on the current risk-based Audit Plan approved by the AC or where as directed by top management with the approval of the AC. The findings and observations are reported to the AC on a quarterly basis. Follow-up audits were also carried out to determine the status of implementation of agreed corrective actions based on the previous audit findings reported.

The IARMD continually reviews the system of internal control, procedures and operations to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

THE BOARD'S REVIEW OF THE RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The risk management framework and internal control system for the financial year under review was considered to be adequate and operating satisfactorily. The Board undertakes to pursue the necessity for continuous improvements in its internal control system and risk management process in order to achieve its goals, enhance shareholder value and ensure sustainability of the businesses over the long-term.

During the year, some areas for improvement in the internal control system were reported by IARMD to the AC. Management has been responsive to the issues raised and has taken appropriate measures to address the areas for improvement that have been highlighted. The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are managed within an acceptable level of the Group's risk appetite and tolerance. However, neither procedures nor systems provide absolute assurance due to human error, the deliberate circumvention of control procedures by employees and others or the occurrence of unforeseeable circumstances. The effectiveness of the system of internal control is constantly reviewed and enhanced in response to changes in the business and operating environment.

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

This Statement on Risk Management and Internal Control was approved by the Board on 24 February 2021.

SUSTAINABILITY STATEMENT

As a responsible organisation, Mudajaya's very foundation is built on its fundamental values to operate in an ethical and sustainable manner. Comprising our core businesses of construction, property, power and trading and manufacturing sectors; our goal has always been to create value for our stakeholders. We recognise that it is essential for the Group to be both financially stable as well as conduct our business activities sustainably. Our mission is about going beyond profits as we aim to manage our Economic, Environmental and Social ("EES") impacts and focus on how embedding sustainability throughout the organisation while leveraging on our strengths to achieve the best outcome possible for all our stakeholders. As we share our sustainability journey with you, we are also fully aware that this is a gradual process and we continue to carefully determine the various points of impact, before devising appropriate measures to reduce our carbon footprint.

We are currently in our third year of instilling sustainability elements progressively into our business operations and will be carefully reviewing our integrated report in order to continue enhancing disclosures and increasing transparency in line with MFRS requirements. One example is our revamped Anti-Bribery Policy Statement which takes a zero-tolerance approach to all instances of bribery and corruption, as well as the establishment of our Integrity Unit with strategic oversight from the Board and management team. We believe that good governance is the cornerstone of a successful business and makes it more resilient, robust and ensures the wellbeing of all our stakeholders. This is our responsibility to report our EES impacts according to the top material topics which we have already identified. We remain resolute in mitigating serious EES concerns with regards to our business operations and pay particular attention to the multitude communication channels with all our stakeholders to determine their needs, expectations and concerns.

OUR PEOPLE AND OUR COMMUNITIES ARE OUR GREATEST ASSETS AND THROUGHOUT THE COVID-19 PANDEMIC, WE ENSURED THAT EVERY SINGLE DECISION MADE PRIORITISED THEIR WELL-BEING.

For the year under review and a part of our commitment to Integrated Reporting, Mudajaya undertook a multidimensional approach of creating value for all of its stakeholders by enhancing and reviewing both tangible and intangible data as well as financial and nonfinancial aspects of its business.

SUSTAINABILITY AT MUDAJAYA

Led by our Board of Directors and supported by the Management team, the Group's mission is to uphold our objective of building sustainable communities and cities; as well as be an active participant in the creation of long-lasting social change. Information and figures provided in this section covers the period of 1 January 2020 to 31 December 2020.

SUSTAINABILITY GOVERNANCE

The nature of our business does have certain impacts on the environment but we have made it our goal to improve our use of resources so as to actively reduce our environmental impact while meeting our business objectives. As such, we have developed a set of Sustainability Key Performance Indicators

SUSTAINABILITY STATEMENT

("KPIs") to focus on business areas that do have a significant impact on the environment. The Group CEO, supported by the Board, is basically the defacto head of sustainability and is tasked with identifying CSR issues, implementing all strategies and addressing concerns in relation to the Group's sustainability agenda.

APPROACH TO SUSTAINABILITY

Mudajaya's approach to sustainability remains an active work-in-progress as we continue to meet the needs of the marketplace while ensuring that our standards are in line with emerging best practices in sustainability. We continue to take every effort to help the Group move towards its sustainability agenda faster and more efficiently; fully recognising that sustainability is essential to our long-term business performance.

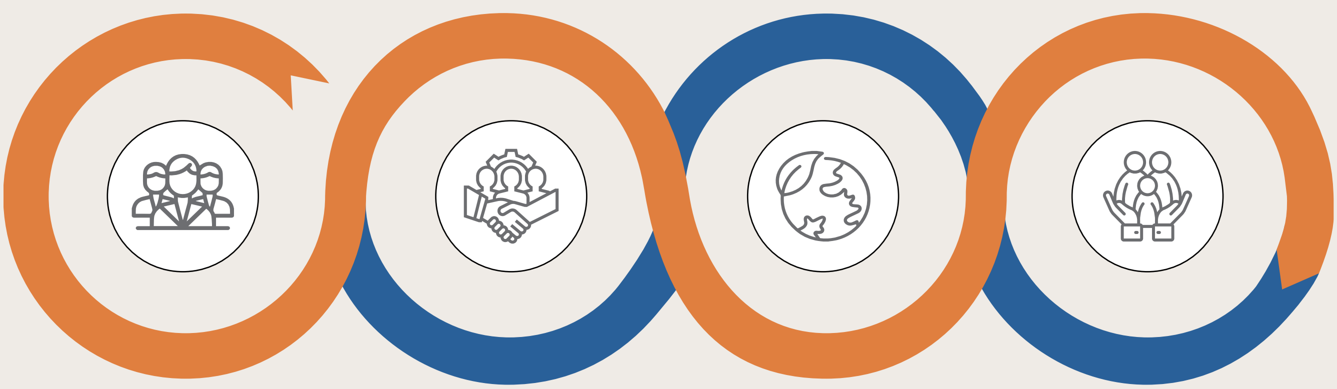
Under the full guidance and support of Management, we are gradually adopting further sustainable practices and integrate them into our business model. It is our belief that by taking care of the environment and communities in which we operate, we can achieve the foundation of sustainability and reap the tangible economic benefits.

OUR THREE-YEAR SUSTAINABILITY ROADMAP

In order to embed sustainable practices within the organisation, Mudajaya's Management and Sustainability Committee has designed a three-year Sustainability Roadmap (2018-2020) based on guidance from Bursa Malaysia's Sustainability Reporting Guide. We are using this Roadmap to effectively implement our sustainability aspirations throughout the organisation in a way that would balance all three dimensions – Economic, Environmental and Social.

The four key priority areas of focus in line with the roadmap are highlighted below.

SUSTAINABILITY ROADMAP



MARKETPLACE

- Stakeholder engagement and feedback mechanisms
- Grievance management platforms
- Quality and service enhancing strategies

WORKPLACE

- Policies that foster openness, learning, inclusiveness and development
- Programmes that enhance productivity, performance and innovativeness
- Measures to enrich employees experience, safety & growth

ENVIRONMENT

- Carbon footprint assessments and targets
- Water footprint assessments and targets
- Waste management gameplan

COMMUNITY

- Investment strategies to sustain community development
- Campaigns to address material topics
- Community feedback processes to capture impact

SUSTAINABILITY STATEMENT

ECONOMIC IMPACT
(MARKETPLACE)

OUR KEY BUSINESS DRIVER IS TO DELIVER OUTSTANDING BUSINESS RESULTS AND CONTRIBUTE POSITIVELY TO THE ECONOMIC GROWTH OF THE COUNTRY. GROWTH AND PROSPERITY MUST PROVIDE BENEFITS TO ALL OUR STAKEHOLDERS. MUDAJAYA ENSURES THAT SUSTAINABILITY IS A FUNDAMENTAL ELEMENT OF OUR BUSINESS CONDUCT, AS WE FOCUS ON RISK MITIGATION, REPUTATION AND STAKEHOLDER ENGAGEMENT. WE RECOGNISE THAT TO ACHIEVE FINANCIAL STABILITY, WE NEED TO ENSURE SUSTAINABLE AND RESPONSIBLE BUSINESS CONDUCT AS WELL. TO DO THIS WE LEVERAGE ON THE EXPERTISE, SUPPORT AND COOPERATION OF OUR PARTNERS AND SUPPLIERS, AND AS SUCH WE ARE ABLE TO CONTINUE CREATING ECONOMIC VALUE WHILE UPHOLDING PRINCIPLES OF INTEGRITY, RESPONSIBILITY AND ACCOUNTABILITY THROUGHOUT OUR BUSINESS OPERATIONS. WE EXPECT OUR EMPLOYEES AS WELL AS THIRD-PARTY CONTRACTORS TO ABIDE BY ALL THE POLICIES WE HAVE IN PLACE; WHICH IS IMPERATIVE GIVEN THE NATURE OF OUR PRINCIPAL BUSINESSES. WE VIEW ALL OUR RELATIONSHIPS AS IMPORTANT AND WANT OUR PARTNERS AND SUPPLIERS TO BENEFIT HOLISTICALLY WITH US; FROM A BUSINESS PERSPECTIVE AS WELL AS IMPROVING THEIR SOCIO-ECONOMIC STATUS AND OVERALL QUALITY OF LIFE.

GOVERNANCE

As an organisation with decades of experience, over the years we have built a reputation as one of the leading organisations in the industry. We achieved this in part by ensuring compliance with applicable laws and regulations, as well as adherence to various recognised international standards and certifications; effectively doing our part as a good corporate citizen. Furthermore, certification by accredited Certification Body matters greatly in our industry. Achievement of ISO 37001:2016 Certification on Anti-Bribery Management System in June 2020 shows the Group's commitment in conducting business dealings ethically and with integrity. Our ISO 45001:2018 certification emphasises our commitment to occupational health and safety management practices, and our ISO 14001:2015 certification assures our stakeholders that our environmental management system meets international industry specific environmental standards.

SUPPLIER CODE OF CONDUCT

The Group is committed to conducting business with the highest integrity and in compliance with the law, thus it is only natural we expect the same from our partners. All suppliers and contractors of Mudajaya are required to observe our 'Supplier Code of Conduct' in accordance with all local laws and regulations. We recognise that our suppliers are critical to our success and have designed our policies to ensure all suppliers and contractors are treated equally and fairly, and free from any exploitation. We also believe in the benefits of mentoring and knowledge sharing and we do that by equipping our local contractors with new skills and capabilities. Additionally, we are able to support the local economy as most of our construction materials are sourced locally.

Our supply-chain and vendors are managed via responsible procurement and supplier assessment; taking into account critical aspects including quality and lead time, cost control as well as the high expectations of our quality-conscious customers.

SUSTAINABILITY STATEMENT

EVALUATION OF SUPPLIER PERFORMANCE

This is the Mudajaya's policy that the performance of main active suppliers is reviewed every six (6) months, (including ABMS Compliance).

WHISTLE BLOWING POLICY

At Mudajaya, we have high standards of professionalism and ethics and we require all employees to conduct themselves in accordance to those standards as they discharge their duties. In accordance with good corporate governance practices, we have established a whistle blowing policy that will enable you to raise your concerns of serious wrongdoing in an appropriate manner, without fear of reprisal. This platform allows any legitimate concerns about illegal, unethical or questionable practices to be objectively investigated and addressed. This policy is impartial, free of assumptions and can be done either by means of an email or through snail mail to the Chairman of the Audit Committee. The General Manager of Human Resources & Administration is tasked with the administration, interpretation and application of our Whistle Blowing policy.

ANTI-BRIBERY POLICY

Mudajaya is committed to complying with all laws and regulations which govern our business and operations. Our Anti-Bribery Policy outlines our responsibility to comply with anti-bribery laws in any country in which we operate and highlights our zero-tolerance approach towards bribery. The policy is mandatory and applies to all staff, business associates and third parties who are performing works or services on behalf of the Group. The penalties for violating these laws can be severe and any violation of this Policy by any employee may result in disciplinary action including dismissal, fines and imprisonment. We are committed to doing business ethically and hold all our staff to the same high standards of professional conduct.

ANTI-BRIBERY COMMITMENTS

Mudajaya has imposed its ABMS requirements on all suppliers via Anti-Corruption Obligation. Anti-bribery commitments are also obtained from suppliers who pose more than a low bribery risk via signing of Vendor Letter of Declaration by the respective suppliers during pre-qualification stage and subsequently on an annual basis for active suppliers. This is to ensure their commitment not to be involved with any act of corruption under the Malaysian Anti-Corruption Commission Act 2009.

Pan Borneo Highway in Sibu, Sarawak

INTEGRITY

Integrity in an organisation is a fundamental component for sustainable, long-term, business growth and success. It is arguably the most important principle of leadership, and a culture of integrity will spread positively throughout the organisation - allowing our employees to make better decisions with the long-term interests of all stakeholders in mind.

Over the last couple of years, we have established an independent Integrity Unit that is authorised to implement and enforce effective policies and procedures to prevent, monitor and minimise the risk of bribery and corruption. The Unit is overseen by the Board of Directors and has a clear chain of command with representation from relevant departments all across the Group; to oversee all issues related to governance and to prevent corruption. As the Board strongly believes in good business ethics and good corporate governance, the Board will exercise reasonable oversight with respect to adequacy, effectiveness and implementation of the Anti-Bribery Policy with regular reviews of the policy as and when required.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2020:

7 mega projects
in **CONSTRUCTION** and **POWER SECTORS**, with total contract sum of **RM4.6 BILLION**, offering employment to **163 SMES**; **40 BUMIPUTRA COMPANIES** and **DISADVANTAGED COMMUNITIES**.

We have implemented
ISO 45001
and reported:

5 MILLION MANHOURS Zero Lost Time ("ZLT") Injuries in Tanjung Bin 4 Project

5.5 MILLION MANHOURS ZLT injuries in MRT V3 project

1 MILLION and **3 MILLION MANHOURS** ZLT injuries in MRT V207 and Rapid Worker Village projects respectively

On our construction sites we provided **SAFE AND CLEAN-LIVING QUARTERS, POTABLE WATER, BASIC AMENITIES** for more than **2,479 labourers**, with a Grievance Management System in place. We received **ZERO** number of complaints, which is expected to be **RESOLVED WITHIN 24-48 HOURS** to the satisfaction of the complainants.

We plan to call for the **CIDB SHASSIC** assessment when we have completed **25%** of the LRT3 Project.
We aim to achieve a rating of **5-STAR**

SUSTAINABILITY STATEMENT

ENVIRONMENTAL IMPACT

SUSTAINABILITY IS GENERALLY DEFINED AS MEETING THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIRS. BUSINESS SUSTAINABILITY REFERS TO THE MANAGEMENT AND COORDINATION OF ENVIRONMENTAL, SOCIAL AND FINANCIAL DEMANDS AND CONCERNS OF A BUSINESS TO ENSURE RESPONSIBLE, ETHICAL AND ONGOING SUCCESS. EVERY SINGLE DAY THE NEWS REMINDS US OF THE DAMAGING EFFECTS PEOPLE HAVE ON THE PLANET AND THE ENVIRONMENT; MAKING ENVIRONMENTAL SUSTAINABILITY A CRUCIAL PUBLIC POLICY ISSUE. MORE COMPANIES NOW THAN EVER BEFORE ARE WORKING ON ACHIEVING POLICY INITIATIVES AS OUTLINED IN THE UN'S SUSTAINABLE DEVELOPMENT GOALS ("SDGS"). MANY BUSINESS OPERATIONS, EVEN MUDAJAYA'S DEPEND ON THE ENVIRONMENT WHETHER AS A PRIMARY SOURCE OF RAW MATERIALS OR IN THE USAGE OF NATURAL RESOURCES. BUSINESSES MUST START TO INTEGRATE ENVIRONMENTAL INTEREST AND BECOME PROACTIVE IN REDUCING THEIR ENVIRONMENTAL IMPACT TO CREATE A POSITIVE CYCLE OF SUSTAINABILITY. HERE AT MUDAJAYA, WE BELIEVE THAT EVERY AFFIRMATIVE ACTION, EVEN THE SMALLEST ONE, IS THE FIRST STEP TOWARDS ADOPTING MORE ENVIRONMENTALLY SOUND BUSINESS PRACTICES, REDUCING ENVIRONMENTAL IMPACT AND INCREASING OPERATING EFFICIENCY.

With all this in mind, the Group via its wholly-owned power generation subsidiary, Sinar Kamiri Sdn Bhd undertook the development of a 49MW large scale solar PV facility in Perak to preserve the environmental features of the site with minimum disturbance to the ground and existing vegetation. The plant is supplying the national grid with clean energy for a period of 21 years and the equivalent of approximately 50,000 metric tonnes of carbon dioxide (CO_2) emission will be saved every year. The power plant has contributed 5.7% of the total operational capacity in Malaysia in year 2020.

EMISSIONS & WASTE MANAGEMENT

In 2020, we continued to report our real-time emissions data from our construction sites to the respective Department of Environment databases for online monitoring. Although we constantly ensure that we are operating within the emission limits, Mudajaya is always looking at ways to further reduce our emissions by applying the 'emissions-control equipment maintenance schedule' on projects. Addressing our own carbon footprint helps us ensure that we are mitigating any negative effects of our operations on climate change. Additionally, all our construction wastes such as used rods, concrete debris and contaminated solid waste are collected by appointed licensed domestic contractors and disposed of appropriately either through incineration or landfill disposal.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL AWARENESS

We are fully aware that sustainability must start with our people; as a common mission and value will unite them to help create a better work culture, work-life balance and contribute positively to the business operations. The Group has continued to instil awareness on sustainability and environmental issues to all our employees ensuring that we educate them appropriately so they can be sustainability advocates. On their part, they have remained steadfast and supportive; adhering to paperless information transmission, recycling as well as energy and water consumption.

In our commercial and residential development projects we also promote a sustainable lifestyle by including rainwater harvesting features, rooftop solar panels, sensor lights and taps, and charging stations for electric vehicles to help residents and tenants reduce their carbon footprint. On this front we are pleased to report that our very own Menara Mudajaya was outfitted with rooftop solar panels and a rainwater harvesting system ("RHWS"). The solar panels are expected to reduce CO_2 emissions by approximately 5 tonnes per year, while the RWHS allows us to collect approximately 11,000 litres of rainwater per day for a potential annual waterbill saving of over RM9,000 a year.

We are also proponents of effective tree preservation and believe that existing trees and landscape must be integrated with any project design and land development process. As such, we have put in place a tree preservation policy, which ensures that trees growing on original project sites are preserved whenever possible and included in the design planning of the projects. As an example, we previously conducted a Tree Planting initiative in Batu Kawah, Kuching. In 2019 in collaboration with The Sarawak Forestry Department and the Padawan Municipal Council, MJC City Development's landscape contractors were organised to add more greenery to the Township and trees were selected based on their CO_2 absorption capabilities in the hope to offset carbon emission in a city living environment.

KVMRT Line 2

Water Retention Pond at West Portal

SUSTAINABILITY STATEMENT

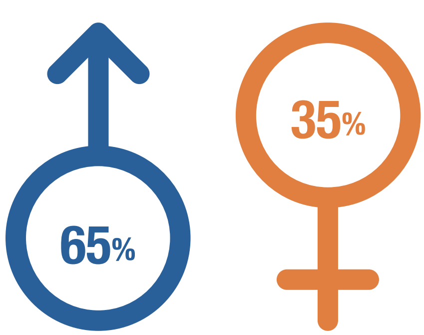
SOCIAL IMPACT
(WORKPLACE)

AT MUDAJAYA, WE RECOGNISE THAT OUR EMPLOYEES ARE OUR GREATEST ASSETS AND WE WORK TO ENSURE THAT THEY ARE MOTIVATED AND ENGAGED AS THEY ARE THE DRIVING FORCE OF OUR BUSINESS OPERATIONS AND AT THE FOREFRONT OF BUILDING THE GROUP'S INDUSTRY REPUTATION. WE STRIVE TO BUILD A CULTURE OF MUTUAL TRUST AND RESPECT THROUGH STRONG LEADERSHIP AND OPEN COMMUNICATION. FINALLY, WE WANT TO PROVIDE A SAFE AND INCLUSIVE WORK ENVIRONMENT WHILE NURTURING AND DEVELOPING TALENT.

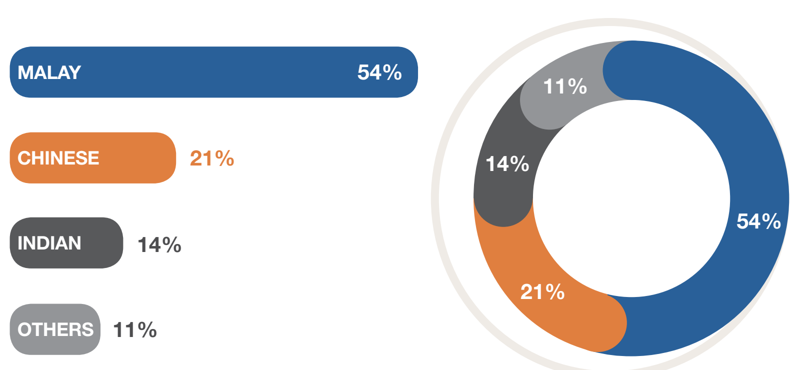
DIVERSITY

Mudajaya believes that diversity in the workplace will improve the Group's culture and performance as well as provide a better representation of society. A diversified work environment is essential in helping employees feel included, fostering mutual respect and increasing morale. From a business perspective, a workforce comprised of people with different backgrounds, experiences and skills will lead to more innovation and creativity. Our recruitment policies strongly emphasise on diversity in talent acquisition and development as we recognise that a diverse work culture also promotes better hiring and retention of talent. Mudajaya does not practise any form of discrimination; we welcome all social groups regardless of racial or ethnic origin, age, gender, sexual orientation, marital status or disability.

EMPLOYEES BY GENDER*



EMPLOYEES BY ETHNICITY*



Note:
** These figures exclude general workers.*

SUSTAINABILITY STATEMENT

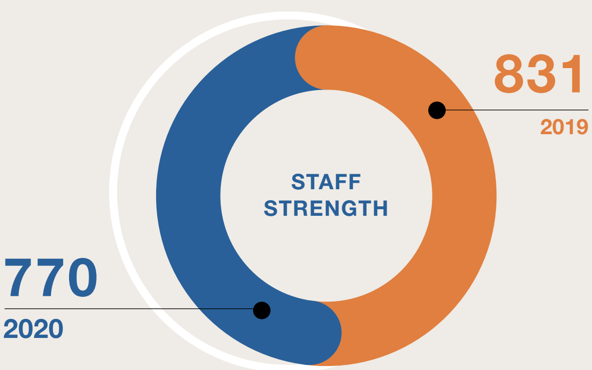
EMPLOYEE TRAINING

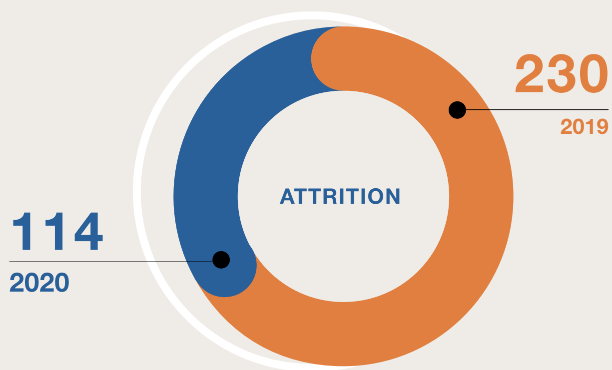
Mudajaya has always placed great importance on nurturing a learning culture and our aim continues to be supporting our talent in achieving their ambitions by enabling them to explore new opportunities and build expertise. The pandemic also disrupted our training programme, nevertheless we took the opportunity as we worked remotely to encourage all our employees to participate in relevant and appropriate webinars from overseas and locally, while engaging local government agencies and financial institutions to provide updates on changes within our core industries and sectors. We definitely leveraged on mobile elements; realising that eLearning was another tool we could utilise to upskill our talent, especially during times when remote communication is necessitated.

We continue to provide learning and development opportunities at every level in line with job requirements and career aspirations and we hope to be able to resume our more traditional training sessions in 2021. All Heads of Department within our organisation are responsible for ensuring that their team members attend relevant training sessions and upskilling courses to focus on their personal growth and enhance their leadership, technical skills and soft-skills. We aim to provide all our employees with a minimum of eight hours of training per year in contract and business management, safety, software and Quality Assessment System In Construction ("QLASSIC") awareness as part of their KPIs.

In 2020, we conducted a total of 61 training programmes and clocked approximately 567 hours of training for our employees.

WORK-LIFE BALANCE





Work-life balance is an important facet of a healthy work environment and most employees rate a balanced work-life as a crucial factor when they are being recruited. Maintaining a healthy work-life is vital in reducing stress and preventing burnout at work; thus, we encourage our employees to maintain a balanced work-life because we know that when employees are happy, they are more efficient at their job, are more engaged and also more likely to stay in their jobs. We strive to go beyond legislative requirements and have established a sports and recreation club which organises various outings and activities for our employees; helping us build a more engaged and productive team.

Mudajaya regularly reviews its Employee Benefits and Code of Conduct in keeping with the ever-changing business landscape. Since 2016, our employees who are primary care-givers of children and aging parents have benefitted from our flexible worktime arrangements. Some other employee benefits include

- Study Leave & Examination Leave for those who qualify of up to three (3) days per year
- Additional Healthcare benefits
- Maternity & Paternity Leave

SUSTAINABILITY STATEMENT

EMPLOYEE ENGAGEMENT

Employee engagement is crucial in any business. When trust and respect is practised throughout an organisation, the result will be improved morale, higher productivity and increased organisational performance. Mudajaya encourages active dialogue between leadership and employees and we want all our employees to know that their opinions matter. While we continue to promote platforms for our employees to provide feedback through the company intranet as well as department-level managerial meetings, we had to do things differently during the past year due to the pandemic. As such, in 2020 we facilitated regular call tree communications and updates, online departmental meetings and virtual briefings to reach out to our employees and keep them updated on COVID-19 developments and changes in SOPs. We are always actively working to improve the work environment ensuring our staff are dedicated to the Groups goals and values.

In 2020, we held all **department meetings online** and conducted **virtual briefings** for staff when necessary

REMUNERATION AND APPRAISAL SYSTEM

We know that our talent is our most important asset, thus we are committed to rewarding exceptional employees appropriately. Employees are motivated to perform better when their past performance is recognised and rewarded adequately. Our merit-based remuneration policy outlines the key performance indicators for our employees; with 60% based on a balance scorecard and the employee's skills and competencies making up the remaining 40%. Each employee is rated on their yearly performance and is compensated according to merits. Our compensation system for all permanent staff adheres to industry-standards, is fair and competitive and includes the following:

1

FIXED COMPENSATION
such as salary and fixed allowance

2

VARIABLE COMPENSATION

3

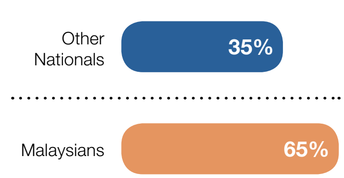
BENEFITS AND PERQUISITES
- Transportation
- Medical coverage, dental etc.

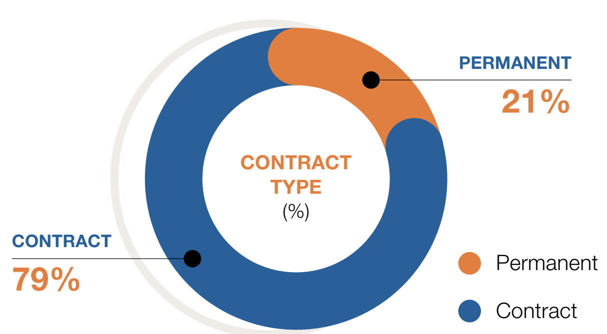
WORKFORCE BREAKDOWN

It is important to us that our workforce accurately reflect changing demographics and provide accurate representation across all age groups, ethnic and cultural backgrounds. Our employees come to us from different nationalities; with various professional qualifications, skill-sets, and interests. Having such diverse talent promotes a culture of tolerance, acceptance, open communication and cultivates a dynamic, innovative and productive team working together to achieve our organisation's vision and mission.

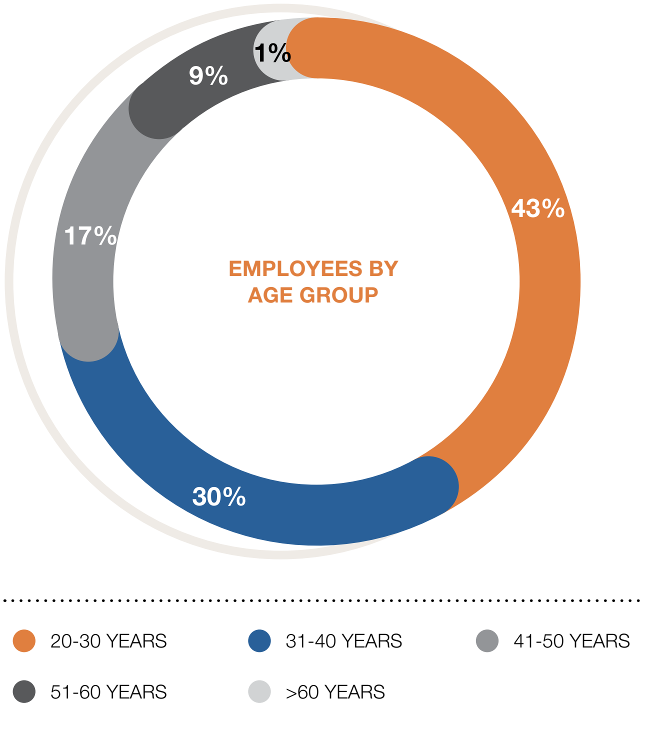
TOTAL NUMBER OF EMPLOYEES
770

BREAKDOWN OF EMPLOYEES: NATIONALITY





SUSTAINABILITY STATEMENT



HEALTH, SAFETY & ENVIRONMENT

Mudajaya's top priority is to ensure the health and safety of our employees because a healthy workforce and a safe work environment are critical to achieving efficient operation and production. We take our responsibility as an employer and our general commitment to society very seriously. Our Health, Safety and Environmental ("HSE") Policy was formulated based on a number of factors including the Group's policies and guidelines; significant environmental risks and impact; hazard identification and risk assessment; commitment to the protection of the environment and views of interested external parties including our employees. All personnel and contractors who perform tasks with significant environmental and Occupational Health & Safety risks are required to undergo adequate training as we work to reduce injuries and workplace accidents. The Group has established and will maintain procedures to educate all employees or persons working on behalf of the Group on the importance of conformity with the HSE Policy, procedures and the requirements of the ISO 14001 and ISO 450001 certifications.

In 2020 we were faced with an additional health and safety issue: COVID-19. As a responsible organisation, we took proactive measures to ensure the wellbeing of all our employees by adhering to all instructions, SOPs and guidelines from local authorities and the medical community. In doing so we have been extremely fortunate to have been able to stay safe and were able to contain the small incidences of outbreaks at some of our construction sites due to the diligence and vigilance of all our staff.

SUSTAINABILITY STATEMENT

The Group put prevention and control measures in place as safeguards for all employees during the pandemic and subsequent MCO's including:

1. **Encourage staff to work from home**
2. **Tighten data and system security on all office laptops**
3. **Replace physical meetings with video conferences/ online meetings**
4. **Limit number of seating in meeting rooms**
5. **Encourage smaller groups when having in-office meals to maintain appropriate social distancing**
6. **Mandatory mask wearing at all times in the office**
7. **Maintain social distancing of at least 1 meter while in the office premises**
8. **Disinfect and sanitise the office regularly**
9. **All staff are required to submit self-declaration forms to facilitate contact tracing by the relevant authorities**

At our premises, we also implemented the following rules as additional operating procedures:

1 SOCIAL DISTANCING MARKERS
Seating arrangements and designated floor markers were mapped out in areas such as office desks, meeting areas and lifts to ensure social distancing.

2 OFFICE SANITISATION
Cleaning and disinfecting procedures on high touch surfaces were carried out multiple times a day in all common and high traffic areas.

3 FOGGING PROCEDURE
Fogging procedures were done throughout the office to curtail the possibility of a COVID-19 outbreak.

4 PROVIDING ESSENTIAL HYGIENE TOOLS
Hand sanitizers were placed in various areas around the office and face masks were provided to staff to mitigate the risk of virus spread.

5 COVID-19 SWAB TESTING
COVID-19 swab tests were performed on employees in HQ and on site to identify and isolate potential COVID-19 cases (if any).

SUSTAINABILITY STATEMENT

SOCIAL IMPACT
(COMMUNITY)

WITH A COMMITMENT TO HONOURING OUR RESPONSIBILITY AS A CORPORATE CITIZEN IN LINE WITH CONDUCTING OUR BUSINESS OPERATIONS, MUDAJAYA SEEKS TO REINVEST RESOURCES BACK INTO SOCIETY. THE MAIN ISSUE WE FACED IN 2020 WAS UNDOUBTEDLY THE COVID-19 PANDEMIC, AND WHILE IT AFFECTED US ALL, WE KNOW THAT SOME COMMUNITIES WERE DISPROPORTIONATELY IMPACTED. THUS, WE FIRST PROVIDED ASSISTANCE TO OUR FRONTLINERS, BY DISTRIBUTING INDUSTRIAL-SIZED HAND SANITIZERS AS WELL AS FACE MASKS TO THE LOCAL DISTRICT POLICE HEADQUARTERS BRANCH IN PETALING JAYA. 600 BOXES OF FACE MASKS WERE DONATED TO PIBG SJK (C) CHUNG HUA, SHAH ALAM.

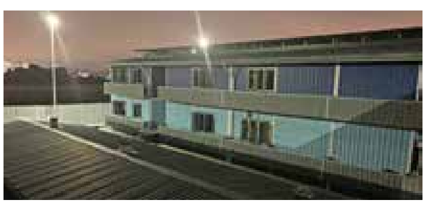
AS THE MOVEMENT CONTROL ORDER ("MCO") WAS EXTENDED OVER MONTHS, IT BECAME CLEAR THAT SCHOOLCHILDREN WERE BEING FORCED TO CONDUCT THEIR STUDIES ONLINE AND UNDERPRIVILEGED COMMUNITIES WERE SEVERELY IMPACTED BY THIS. TO HELP ALLEVIATE SOME OF THESE IMMEDIATE NEEDS, MUDAJAYA COLLABORATED WITH MEDICAL AWARENESS CAMP OUTREACH ("MACO") TO DONATE REFURBISHED LAPTOPS AND PC'S TO SEKOLAH JENIS KEBANGSAAN (T) JALAN SAN PENG, PUDU, ENSURING THE SCHOOLCHILDREN WOULD HAVE ACCESS TO THEIR LESSONS.

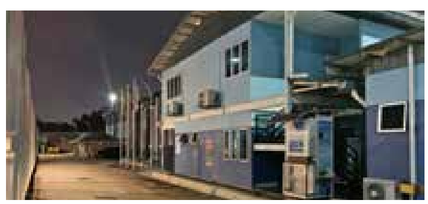
In February to March 2021, Mudajaya provided MACO with a total of 31 computers (22 laptops and 9 desktops) to be donated to the school for their online learning.

SUSTAINABILITY STATEMENT

EARTH HOUR 2021 – LRT3 GS01 & MRTV207

CLIMATE CHANGE TO SAVE EARTH





VIRTUAL TALK ON ENGINEERING AND CONSTRUCTION

Our Project Director of the MRT V207 project, Mr. Daniel Tan was invited by the Institution of Civil Engineers (ICE) Student Chapter of Universiti Tunku Abdul Rahman (UTAR) to conduct a virtual talk on Engineering and Construction. The talk entitled "Mined Tunnel Construction" was presented to Lee Kong Chian Faculty of Engineering and Science (LKCFES) students virtually on 26th November 2020 (Thursday). A total of 60 students from UTAR, Universiti Malaya and other universities joined this sharing session.

SAVE WATER CAMPAIGN

In conjunction with World Environmental Day in June 2020, LRT3 GS01 organised a "Save Water Campaign" on 4 June 2020. More than 100 staff and site workers participated in this compaign. The objective of the campaign:

- To promote education and environmental awareness extensively.
- To increase commitment among staff and workers on the importance of water supply and sanitation in the construction site.
- To promote culture and fostering awareness among staff and workers especially in the preservation and conservation of the environment specifically on water conservation.
- To present measures to reduce water consumption and enable a more efficient use of this resource and water conservation practices in the construction site.
- To increase awareness among staff on water saving in the office and the importance of water conservation by reused and recycled water possible to be used in the construction site.

SUSTAINABILITY STATEMENT

MBAM ANNUAL GOLF TOURNAMENT 2020

As part of our Corporate Social Responsibility effort, Mudajaya donated RM15,000 to Master Builders Association Malaysia (MBAM) Education Fund, aimed to help outstanding Malaysian students requiring financial support to fulfil their dreams and aspiration. In addition, Mudajaya had the opportunity to organize the Master Builders Association Malaysia (MBAM) Annual Golf Tournament 2020 voluntarily, with our Group's Deputy Chief Executive Officer, Ir Anthony Teoh being appointed as the Chairman of the Annual Golf Tournament. The theme - CSR Golf! was in line with our policy to promote corporate social responsibility efforts during this Covid-19 pandemic. This annual event was held on 26 September 2020 at Kota Permai Golf & Country Club.

Mudajaya continues to play an active role in MBAM, participating in many of its activities and attending many discussions with government agencies and trade associations. The Group is proud of the recognition accorded to Ir Anthony Teoh when he was appointed as Deputy Secretary General I for MBAM for the term December 2020/ June 2022.

MBAM Annual Golf Tournament 2020 held at Kota Permai Golf & Country Club

Chairman of MBAM Annual Golf Tournament 2020 and Deputy Secretary General I of MBAM, Ir Anthony Teoh

DONATION TO AID FLOOD VICTIMS

Mudajaya took the initiative to provide financial assistance of RM11,500 to 4 households and a childcare center which were affected by the flash flood after the heavy rain on 29 December 2020 at Kayu Ara, Petaling Jaya.

FINANCIAL

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(47,919)	(26,444)
Non-controlling interests	2,643	–
	(45,276)	(26,444)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Yusli bin Mohamed Yusoff
Dato' Amin Rafie bin Othman
James Wong Tet Foh
Lee Eng Leong
Chew Hoy Ping
Dato' Wong Peng Chong (Appointed on 22 December 2020)
Wee Teck Nam (Resigned on 1 September 2020)

The list of Directors in respective subsidiaries are disclosed in Note 8.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
(CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF OPTIONS OVER ORDINARY SHARES			
	AT 1.1.2020	GRANTED	EXERCISED	AT 31.12.2020
Interest in the Company:				
James Wong Tet Foh	5,200,000	–	–	5,200,000
Lee Eng Leong	4,000,000	–	–	4,000,000

None of the other Directors holding office at 31 December 2020 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS").

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 58,987,000 new ordinary shares at RM0.2388 per ordinary share via private placement to an eligible investor for a total cash consideration of RM14,086,096 for the Group's working capital purposes.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

TREASURY SHARES

On 6 October 2020, the Company has cancelled 15,543,300 treasury shares in the Company. Accordingly, the total issued capital is reduced from 664,405,466 ordinary shares to 648,862,166 ordinary shares subsequently.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Mudajaya Group Berhad's ESOS is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 22 June 2011. The ESOS was implemented on 30 September 2011 and to be in force for a period of 5 years from date of implementation. On 1 August 2016, the Board has approved to extend the share options for a further period of 5 years which will expire on 28 September 2021.

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
(CONT'D)

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and officers of the Company are covered under the Directors' and Officers' Liability Insurance Policy in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Company subject to the terms of the Policy. The total amount of premium paid was RM27,000.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, other than disclosed in the Note 9 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENTS

Please refer to Note 35 of the financial statements for the details.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
(CONT'D)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

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

Dato' Yusli bin Mohamed Yusoff
Director

James Wong Tet Foh
Director

Petaling Jaya

16 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Assets					
Property, plant and equipment	3	26,695	26,028	16	–
Right-of-use assets	4	44,735	53,366	265	367
Investment properties	5	51,718	52,413	–	–
Intangible asset	6	8,673	9,293	–	–
Service concession assets	7	302,622	317,079	–	–
Investments in subsidiaries	8	–	–	317,771	317,771
Investments in associates	9	9,695	7,839	–	–
Other investments	10	936	936	–	–
Deferred tax assets	11	2,066	2,066	–	–
Total non-current assets		447,140	469,020	318,052	318,138
Inventories	12	130,172	123,279	–	–
Other current assets	13	152,361	199,587	–	–
Contract assets	14 (a)	51,476	65,014	–	–
Trade and other receivables	15	136,401	166,064	133,201	149,689
Tax recoverable		3,047	2,655	18	62
Cash and cash equivalents	16	311,200	301,875	138	247
Total current assets		784,657	858,474	133,357	149,998
Total assets		1,231,797	1,327,494	451,409	468,136
Equity					
Share capital		397,730	393,172	397,730	393,172
Treasury shares		–	(36,075)	–	(36,075)
Employees' share option reserve		10,278	10,065	10,278	10,065
Foreign currency translation reserve		2,866	2,537	–	–
(Accumulated losses)/Retained earnings		(297,070)	(222,785)	(48,231)	4,760
Equity attributable to owners of the Company	17	113,804	146,914	359,777	371,922
Non-controlling interests		35,970	32,927	–	–
Total equity		149,774	179,841	359,777	371,922

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

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Liabilities					
Loans and borrowings	18	445,290	464,107	–	–
Lease liabilities		44,508	46,018	–	108
Refundable deposits		2,204	2,201	–	–
Deferred tax liabilities	11	10,125	8,710	–	–
Total non-current liabilities		502,127	521,036	–	108
Loans and borrowings	18	399,615	413,258	80,632	81,774
Lease liabilities		1,752	4,886	108	156
Trade and other payables	19	167,018	177,873	10,892	14,176
Contract liabilities	14 (a)	3,759	14,046	–	–
Tax liabilities		4,938	10,384	–	–
Derivative financial liabilities	20	2,814	511	–	–
Deferred income	21	–	5,659	–	–
Total current liabilities		579,896	626,617	91,632	96,106
Total liabilities		1,082,023	1,147,653	91,632	96,214
Total equity and liabilities		1,231,797	1,327,494	451,409	468,136

The notes on pages 104 to 198 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Continuing operations					
Revenue	23	347,698	393,770	–	–
Cost of sales	24	(278,412)	(297,856)	–	–
Gross profit		69,286	95,914	–	–
Other income	25	17,906	272,378	9,704	4,362
Net loss on impairment of financial instruments and contract assets		(2,192)	(26,397)	(26,515)	(21,573)
Net loss on impairment of other current assets		(46,936)	–	–	–
Reversal of/(Allowance for) impairment loss on investment in associates		111,045	(39,545)	–	–
Inventories written down to net realisable value		(4,843)	–	–	–
Administrative expenses		(25,217)	(51,636)	(2,778)	(3,481)
Results from operating activities	26	119,049	250,714	(19,589)	(20,692)
Finance costs	28	(51,451)	(54,159)	(6,519)	(140)
Share of loss of equity accounted associates, net of tax		(109,189)	(259,905)	–	–
Loss before tax		(41,591)	(63,350)	(26,108)	(20,832)
Tax expense	29	(3,544)	(17,060)	(336)	(302)
Loss for continuing operations		(45,135)	(80,410)	(26,444)	(21,134)
Discontinued operation					
Loss from discontinued operation, net of tax	8.4 & 8.5	(141)	(5,680)	–	–
Loss for the year		(45,276)	(86,090)	(26,444)	(21,134)
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		221	269	–	–
Total comprehensive expense for the year		(45,055)	(85,821)	(26,444)	(21,134)
(Loss)/Profit attributable to:					
Owners of the Company		(47,919)	(87,918)	(26,444)	(21,134)
Non-controlling interests		2,643	1,828	–	–
(Loss)/Profit for the year		(45,276)	(86,090)	(26,444)	(21,134)
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(47,705)	(87,656)	(26,444)	(21,134)
Non-controlling interests		2,650	1,835	–	–
Total comprehensive expense for the year		(45,055)	(85,821)	(26,444)	(21,134)
Loss/Diluted loss per ordinary share (sen):					
Basic and diluted loss per share	30	(7.86)	(14.90)		

The notes on pages 104 to 198 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		ATTRIBUTABLE TO OWNERS OF THE COMPANY							
		NON-DISTRIBUTABLE				DISTRIBUTABLE			
GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	EMPLOYEES' SHARE OPTION RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	(ACCUMULATED LOSSES)/ RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 January 2019		393,172	(36,075)	9,727	(14,566)	(135,262)	216,996	28,625	245,621
Foreign currency translation differences for foreign operations		–	–	–	262	–	262	7	269
(Loss)/Profit for the year		–	–	–	–	(87,918)	(87,918)	1,828	(86,090)
Total comprehensive income/(expense)		–	–	–	262	(87,918)	(87,656)	1,835	(85,821)
Contribution by and distributions to owners of the Company									
Share-based payment transaction	17(c)	–	–	(395)	–	395	–	–	–
Grant of equity-settled share options to employees	22	–	–	733	–	–	733	–	733
Dividend paid		–	–	–	–	–	–	(400)	(400)
Disposal of a subsidiary		–	–	–	16,841	–	16,841	2,867	19,708
Total transactions with owners of the Company		–	–	338	16,841	395	17,574	2,467	20,041
At 31 December 2019		393,172	(36,075)	10,065	2,537	(222,785)	146,914	32,927	179,841
		Note 17(a)	Note 17(b)	Note 17(c)	Note 17(d)				

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

GROUP	NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY — NON-DISTRIBUTABLE				DISTRIBUTABLE			
		SHARE CAPITAL RM'000	TREASURY SHARES RM'000	EMPLOYEES' SHARE OPTION RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	(ACCUMULATED LOSSES)/ RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 January 2020		393,172	(36,075)	10,065	2,537	(222,785)	146,914	32,927	179,841
Foreign currency translation differences for foreign operations		–	–	–	214	–	214	7	221
(Loss)/Profit for the year		–	–	–	–	(47,919)	(47,919)	2,643	(45,276)
Total comprehensive income/(expense)		–	–	–	214	(47,919)	(47,705)	2,650	(45,055)
Contribution by and distributions to owners of the Company									
Issuance of ordinary shares	17(a)	14,086	–	–	–	–	14,086	–	14,086
Cancellation of treasury shares	17(b)	(9,528)	36,075	–	–	(26,547)	–	–	–
Share-based payment transaction	17(c)	–	–	(181)	–	181	–	–	–
Grant of equity-settled share options to employees	22	–	–	394	–	–	394	–	394
Acquisition of a subsidiary	8.2	–	–	–	–	–	–	393	393
Investment in a subsidiary written off	8.4	–	–	–	115	–	115	–	115
Total transactions with owners of the Company		4,558	36,075	213	115	(26,366)	14,595	393	14,988
At 31 December 2020		397,730	–	10,278	2,866	(297,070)	113,804	35,970	149,774
		Note 17(a)	Note 17(b)	Note 17(c)	Note 17(d)				

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

COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	EMPLOYEES' SHARE OPTION RESERVE RM'000	RETAINED EARNINGS/ (ACCUMULATED LOSSES) RM'000	TOTAL RM'000
		ATTRIBUTABLE TO OWNERS OF THE COMPANY				
		NON-DISTRIBUTABLE			DISTRIBUTABLE	
At 1 January 2019		393,172	(36,075)	9,727	25,894	392,718
Loss and total comprehensive expense for the year		–	–	–	(21,134)	(21,134)
Contribution by and distributions to owners of the Company						
Share-based payment transactions	17(c)	–	–	(395)	–	(395)
Grant of equity-settled share options to employees	22	–	–	733	–	733
Total transactions with owners of the Company		–	–	338	–	338
At 31 December 2019/ 1 January 2020		393,172	(36,075)	10,065	4,760	371,922
Loss and total comprehensive expense for the year		–	–	–	(26,444)	(26,444)
Contribution by and distributions to owners of the Company						
Issuance of ordinary shares	17(a)	14,086	–	–	–	14,086
Cancellation of treasury shares	17(b)	(9,528)	36,075	–	(26,547)	–
Share-based payment transactions	17(c)	–	–	(181)	–	(181)
Grant of equity-settled share options to employees	22	–	–	394	–	394
Total transactions with owners of the Company		4,558	36,075	213	(26,547)	14,299
At 31 December 2020		397,730	–	10,278	(48,231)	359,777
		Note 17(a)	Note 17(b)	Note 17(c)		

The notes on pages 104 to 198 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Cash flows from operating activities					
Loss before tax					
- continuing operations		(41,591)	(63,350)	(26,108)	(20,832)
- discontinued operations		(141)	(5,680)	–	–
		(41,732)	(69,030)	(26,108)	(20,832)
Adjustments for:					
Amortisation of intangible asset	6	620	620	–	–
Amortisation of service concession assets	7	16,488	18,493	–	–
Interest income	25	(6,260)	(11,472)	(4)	(7)
Interest expense	28	51,451	54,159	6,519	140
Depreciation of property, plant and equipment	3	4,997	5,160	–	–
Depreciation of investment properties	5	1,046	1,045	–	–
Depreciation of right-of-use assets	4	4,584	6,043	102	102
Fair value loss on derivative	26	2,303	7,513	–	–
Fair value loss on other investments	26	–	28	–	–
Inpairment loss on goodwill arising from acquisition of a subsidiary	26	24	–	–	–
Loss on investment in a subsidiary written off	8.4	124	–	–	–
Loss on disposal of subsidiaries	8.5	–	5,227	–	–
Gain on disposal of investment in an associate	25	–	(4,230)	–	–
Gain on disposal of property, plant and equipment	25	(58)	(267)	–	–
Loss on disposal of right-of-use assets	26	–	3	–	–
Property, plant and equipment written off	26	–	143	–	–
(Reversal of)/Allowance for impairment loss of investment in an associate	26	(111,045)	39,545	–	–
Net impairment loss of trade and other receivables	26	2,192	26,397	26,515	21,573
Impairment loss of other current assets	26	46,936	–	–	–
Inventories written down to net realisable value	26	4,843	–	–	–
ESOS expenses	22	394	733	–	–
Reversal of unrealised profits on equipment supply contract	25	–	(244,646)	–	–
Fair value adjustment of service concession assets	26	(7)	(1,712)	–	–
Deferred income	25	(5,659)	–	–	–
Net unrealised (gain)/loss on foreign exchange	26	(2,936)	(7,554)	89	–
Share of loss of equity accounted associates		109,189	259,905	–	–
Operating profit before changes in working capital		77,494	86,103	7,113	976
Change in inventories		(11,736)	9,636	–	–
Change in contract assets		13,538	6,955	–	–
Change in contract costs		–	68	–	–
Change in trade and other receivables		23,523	46,966	20	(5)
Change in refundable deposits		3	484	–	–
Change in trade and other payables		(10,886)	(104,125)	(33)	718
Change in contract liabilities		(10,287)	(27,444)	–	–
Cash generated from operations		81,649	18,643	7,100	1,689
Tax paid		(7,969)	(5,725)	(292)	(454)
Tax refunded		2	14,146	–	87

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

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Net cash generated from operating activities		73,682	27,064	6,808	1,322
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,156)	(2,291)	(16)	–
Acquisition of a subsidiary, net of cash and cash equivalent required	8.2	(440)	–	–	–
Disposal of discontinued operations, net of cash and cash equivalents disposed off	8.5	–	71	–	–
Proceeds from disposal of investment in an associate		–	12,676	–	–
Proceeds from disposal of property, plant and equipment		81	331	–	–
Proceeds from disposal of right-of-use assets		–	247	–	–
Additional expenditure in investment property	5	(191)	(115)	–	–
Addition in service concession assets	7	(2,024)	(10,169)	–	–
Advances to an associate		(48)	(2,565)		–
Advances to subsidiaries		–	–	(11,278)	(81,812)
Interest received		6,260	11,472	4	7
Dividend income from associate		–	366	–	–
Dividend paid to non-controlling interest		–	(400)	–	–
Change in pledged deposits		(3,040)	(18,149)	–	–
Net cash used in investing activities		(558)	(8,526)	(11,290)	(81,805)
Cash flows from financing activities					
Issue of ordinary shares	17(a)	14,086	–	14,086	–
Net (repayment)/drawdown of loans and borrowings		(26,180)	576	–	81,774
Repayment to a subsidiary		–	–	(3,038)	(1,067)
Repayment to an associate		–	(2,042)	–	–
Repayment for lease liabilities		(4,998)	(6,383)	(156)	(148)
Interest paid	28	(51,451)	(54,159)	(6,519)	(140)
Net cash (used in)/generated from financing activities		(68,543)	(62,008)	4,373	80,419
Net increase/(decrease) in cash and cash equivalents		4,581	(43,470)	(109)	(64)
Effect of exchange rate fluctuations on cash held		1,704	(3,526)	–	–
Cash and cash equivalents at beginning of year		53,650	100,646	247	311
Cash and cash equivalents at end of year		59,935	53,650	138	247

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

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	16	40,411	40,005	44	156
Deposits placed with financial institutions	16	270,789	261,870	94	91
		311,200	301,875	138	247
Less: Pledged deposits	16	(251,265)	(248,225)	–	–
		59,935	53,650	138	247

(ii) Cash outflows for leases as a lessee

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	26	(2,639)	(3,248)	–	–
Included in net cash from financing activities:					
Interest in relation to lease liabilities	28	(2,577)	(2,852)	(8)	(15)
Repayment of lease liabilities		(4,998)	(6,383)	(156)	(148)
Total cash outflows for leases		(10,214)	(12,483)	(164)	(163)

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

(iii) Reconciliation of movement of liabilities to cash flow arising from financing activities

GROUP	AT 1.1.2019 RM'000	NET CHANGES FROM FINANCING CASH FLOWS RM'000	ACQUISITION OF NEW LEASE RM'000	FOREIGN EXCHANGE MOVEMENT RM'000	AT 1.1.2020 RM'000	NET CHANGES FROM FINANCING CASH FLOWS RM'000	ACQUISITION OF NEW LEASE RM'000	FOREIGN EXCHANGE MOVEMENT RM'000	AT 31.12.2020 RM'000
Islamic Medium Term Notes ("IMTN")	67,500	(67,500)	–	–	–	–	–	–	–
Euro Medium Term Notes ("EMTN")	248,298	(84,751)	–	–	163,547	–	–	(2,283)	161,264
Term loans	239,196	80,847	–	(7,728)	312,315	(6,214)	–	(3,997)	302,104
Revolving credits	125,860	4,640	–	–	130,500	(1,000)	–	–	129,500
Green SRI Sukuk Wakalah	190,000	55,000	–	–	245,000	(5,000)	–	–	240,000
Invoice financing	13,663	4,983	–	–	18,646	(14,261)	–	–	4,385
Bankers' acceptance	–	7,357	–	–	7,357	295	–	–	7,652
Net drawdown of loan and borrowings	884,517	576	–	(7,728)	877,365	(26,180)	–	(6,280)	844,905
Lease liabilities	57,074	(6,383)	213	–	50,904	(4,998)	354	–	46,260
Amount due to an associate	2,042	(2,042)	–	–	–	–	–	–	–
Total liabilities from financing activities	943,633	(7,849)	213	(7,728)	928,269	(31,178)	354	(6,280)	891,165

COMPANY	AT 1.1.2019 RM'000	NET CHANGES FROM FINANCING CASH FLOWS RM'000	AT 1.1.2020 RM'000	NET CHANGES FROM FINANCING CASH FLOWS RM'000	FOREIGN EXCHANGE MOVEMENT RM'000	AT 31.12.2020 RM'000
Term loan	–	81,774	81,774	–	(1,142)	80,632
Amount due to subsidiaries	14,602	(1,067)	13,535	(3,038)	–	10,497
Lease liabilities	412	(148)	264	(156)	–	108
Total liabilities from financing activities	15,014	80,559	95,573	(3,194)	(1,142)	91,237

The notes on pages 104 to 198 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Mudajaya Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business/Registered office
Level 11 and PH1 of Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2020 also include joint operations.

The Company is principally engaged in investment holding activities while the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 16 April 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16, Leases – *Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts** and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2**

MFRS, interpretation and amendments effective for annual periods beginning on or after 1 April 2021
- Amendments to MFRS 16, *Covid-19 – Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)***
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, Property, *Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)***

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020.

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for amendment "*" which is not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendment "**" which is not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company. (Note: MFRS 17 that is effective 1 January 2023 is only applicable to Group or Company which has insurance contracts)

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements and on the assumption that the financial statements have been prepared on a going concern basis.

The Directors have considered the available credit facilities and future profitability of the Group and the Company, and continuous support from bankers, creditors and shareholders in determining the appropriateness of the going concern basis for the preparation of financial statements to the Group and the Company.

(c) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following:

(i) Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using input method on the basis of the actual costs incurred relative to the estimated total costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction contracts costs. In making the judgement, the Group evaluates based on past experience and external economic factors.

(ii) Deferred tax

Deferred tax assets are recognised for all unused tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 11.

(iii) Expected credit loss ("ECL")

The Group recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

(iv) Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements (cont'd)

(iv) Significant judgements and assumptions in relation to leases (cont'd)

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Associates (cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group or the Company accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(viii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(viii) Non-controlling interests (cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

- ***Amortised cost***

  Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

  Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(m)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

- ***Fair value through other comprehensive income***

Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(m)(i)) where the effective interest rate is applied to the amortised cost.

- ***Fair value through profit or loss***

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(m)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

- ***Fair value through profit or loss***

Fair value through profit or loss category comprises financial liabilities that are derivatives, contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

The categories of financial liabilities at initial recognition are as follows: (cont'd)

- ***Fair value through profit or loss (cont'd)***

  On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

  (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

  (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

  (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

  Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

  For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

- ***Amortised cost***

  Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

  Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iii) Regular way purchase or sale of financial assets (cont'd)

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) 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 specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) 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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(v) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Capital work in progress is not depreciated until the assets are ready for their intended use.

The current and comparative periods annual rates of depreciation are as follows:

• Buildings	2% - 20%
• Factory	10%
• Plant, machinery and equipment	20% - 33 1/3%
• Office equipment, furniture and fittings	20% - 33 1/3%
• Motor vehicles	20% - 33 1/3%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their related stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases (cont'd)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measure at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variables lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(b) As a lessor (cont'd)

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date 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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(f) Intangible asset

Intangible asset acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of the intangible asset of 20 years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Service concession assets

A portion of the Group's assets are used within the framework of IC Interpretation 12, *Service Concession Arrangement*. The characteristics of the service concession arrangement generally provide, directly or indirectly, for grantor involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

The Group constructs infrastructure used to provide public service and operates and maintains that infrastructure for a specified period of time. The Group recognises and measures the construction revenue in accordance with the accounting policy for construction contract as described in Note 2(q)(i).

The revenue for the construction or upgrade services are measured at fair value. The Group recognises concession assets arising from a service concession arrangement when it has a right to charge users of the public services. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

The fair value of a concession asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided. The fair value is calculated as the estimated total construction cost plus a profit margin, which the Group evaluates and determined to be a reasonable margin earned.

Intangible asset resulting from the service concession are recorded in the statement of financial position under the heading of "service concession assets" and are amortised over the concession period using straight-line method less impairment loss, if any.

The revenue relating to operation services will be in accordance with the accounting policy as described in Note 2(q)(iv).

(h) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment property (cont'd)

(ii) Reclassification to/from investment property

Transfers between investment property, owner occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(i) Inventories

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

Properties held for sale and properties under development includes acquisition costs, development expenditure and other costs directly attributable to the development activities.

Properties under development is classified as current at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Company's normal operating cycle of 3 to 4 years.

Cost of raw materials is determined on a weighted average method, as appropriate, according to the category of inventories concerned. The cost of raw materials comprises costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's rights to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(m)(i)).

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

(k) Contract costs

(i) Contract fulfilment costs

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

(ii) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Group or the Company would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Contract costs (cont'd)

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(m) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company assessed each customer individually based on their financial information, past trend of payments, letter of undertaking from banks and external credit ratings, where applicable.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Employee benefits (cont'd)

(iii) Share-based payment transactions (cont'd)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company 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 the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue and other income (cont'd)

(i) Construction contracts and construction revenue from concession arrangement

For construction contracts whereby the Group or the Company has an enforceable right to payment for performance completed to date, revenue is recognised progressively over time using input method on the basis of the actual construction costs incurred relative to the estimated total construction costs.

Revenue is recognised only in respect of finalised construction contracts to the extent that such revenue relates to the progress of the construction work.

If the Group or the Company may not be able to reasonably measure the outcome of a performance obligation, but the Group or the Company expects to recover the costs incurred in satisfying the performance obligation. The Group or the Company will recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

If the Group or the Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. When the entitlement to payment becomes unconditional, billings will be recognised as receivables. Conversely, if the Group or the Company has issued a bill but revenue has yet to be recognised, then the obligation is recognised as contract liability (Refer to Note 2(j)).

For the furniture and fittings supplied under construction contracts, revenue is recognised at the point in time upon installation of the furniture and fittings.

(ii) Sale of development properties

For development properties whereby the Group or the Company has an enforceable right to payment for performance completed to date, revenue is recognised progressively over time using input method on the basis of the actual property development costs incurred relative to the estimated total property development costs.

Revenue is recognised only in respect of finalised sales contracts to the extent that such revenue relates to the progress of the construction work.

If the Group or the Company may not be able to reasonably measure the outcome of a performance obligation, but the Group or the Company expects to recover the costs incurred in satisfying the performance obligation. The Group or the Company will recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

If the Group or the Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. When the entitlement to payment becomes unconditional, billings will be recognised as receivables. Conversely, if the Group or the Company has issued a bill but revenue has yet to be recognised, then the obligation is recognised as contract liability (Refer to Note 2(j)).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue and other income (cont'd)

(iii) Sale of completed properties

Revenue from sale of completed properties is recognised upon delivery of properties where the control of the completed properties has been transferred to the buyers.

For the car park sold together with properties, revenue is recognised at the point in time upon delivery of the car park.

(iv) Sale of construction materials

Revenue is recognised at a point in time when the construction materials is certified by the customers or delivered and accepted by the customers at their premises.

(v) Sale of power energy arising from concession arrangement

Revenue from the sale of power energy arising from concession arrangement and generated from the solar power plant is recognised at the point in time as and when the electricity is delivered to the off-taker, based on the actual electricity delivered from the date of their last meter reading and period end at a pre-determined rate.

(vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(r) 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) 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. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director & Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	NOTE	FREEHOLD LAND RM'000	BUILDINGS RM'000	FACTORY RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Cost								
At 1 January 2019		9,572	14,288	8,263	59,509	11,524	10,013	113,169
Additions		–	637	520	744	337	53	2,291
Disposals		–	–	–	(8)	–	(1,107)	(1,115)
Written off		–	–	–	(348)	–	–	(348)
Transfer to investment properties	5	–	(3,175)	–	–	–	–	(3,175)
Effect of movements in exchange rates		–	–	–	–	(7)	(1)	(8)
At 31 December 2019/ 1 January 2020		9,572	11,750	8,783	59,897	11,854	8,958	110,814
Additions		–	434	–	447	253	22	1,156
Disposals		–	–	–	(1,884)	(70)	(211)	(2,165)
Transfer from investment properties	5	–	248	–	–	–	–	248
Transfer from right-of-use assets	4	–	–	–	3,943	–	5,755	9,698
Effect of movements in exchange rates		–	–	–	–	(6)	(2)	(8)
At 31 December 2020		9,572	12,432	8,783	62,403	12,031	14,522	119,743

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	NOTE	FREEHOLD LAND RM'000	BUILDINGS RM'000	FACTORY RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Accumulated depreciation								
At 1 January 2019		–	3,722	5,092	54,105	9,425	8,817	81,161
Depreciation charged for the year		–	310	516	2,530	1,288	516	5,160
Disposals		–	–	–	(8)	–	(1,043)	(1,051)
Written off		–	–	–	(205)	–	–	(205)
Transfer to investment properties	5	–	(273)	–	–	–	–	(273)
Effect of movements in exchange rates		–	–	–	–	(5)	(1)	(6)
At 31 December 2019/1 January 2020		–	3,759	5,608	56,422	10,708	8,289	84,786
Depreciation charged for the year		–	387	531	1,814	752	1,513	4,997
Disposals		–	–	–	(1,884)	(70)	(188)	(2,142)
Transfer from investment properties	5	–	118	–	–	–	–	118
Transfer from right-of-use assets	4	–	–	–	2,238	–	3,059	5,297
Effect of movements in exchange rates		–	–	–	–	(6)	(2)	(8)
At 31 December 2020		–	4,264	6,139	58,590	11,384	12,671	93,048
Carrying amounts								
At 1 January 2019		9,572	10,566	3,171	8,890	2,099	8,605	42,903
At 31 December 2019/1 January 2020		9,572	7,991	3,175	3,475	1,146	669	26,028
At 31 December 2020		9,572	8,168	2,644	3,813	647	1,851	26,695

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	OFFICE EQUIPMENT RM'000
COMPANY	
Cost	
At 1 January 2019/31 December 2019/1 January 2020	–
Additions	16
31 December 2020	16
Accumulated depreciation	
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	–
Carrying amounts	
At 1 January 2019	–
At 31 December 2019/1January 2020	–
At 31 December 2020	16

Security

Certain buildings and factory of the Group with carrying amount of RM1,200,000 (2019: RM1,232,000) and RM451,000 (2019: RM360,000) were pledged to secure the Group's term loan (Note 18(a)(v)) and revolving credit (Note 18(d)) respectively.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. RIGHT-OF-USE ASSETS

GROUP	NOTE	LAND RM'000	BUILDINGS RM'000	PLANT, MACHINERY AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 1 January 2019		47,848	632	3,558	7,408	59,446
Additions		–	61	152	–	213
Disposal		–	–	–	(250)	(250)
Depreciation charged for the year		(2,730)	(385)	(985)	(1,943)	(6,043)
At 31 December 2019/1 January 2020		45,118	308	2,725	5,215	53,366
Additions		205	107	42	–	354
Transferred to property, plant and equipment	3	–	–	(1,705)	(2,696)	(4,401)
Depreciation charged for the year		(2,809)	(351)	(639)	(785)	(4,584)
At 31 December 2020		42,514	64	423	1,734	44,735

COMPANY	MOTOR VEHICLES RM'000
At 1 January 2019	469
Depreciation charged for the year	(102)
At 31 December 2019/1 January 2020	367
Depreciation charged for the year	(102)
At 31 December 2020	265

Transferred to property, plant and equipment

Transfers from right-of-use assets to property, plant and equipment upon the end of the lease periods of the assets.

The Group leases a number of plant, machinery and equipment and a few parcels of land that run between 2 years and 25 years. Some leases contain extension option to renew the lease. Lease payment for the land lease agreement is increased every 1-6 years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. RIGHT-OF-USE ASSETS (cont'd)

4.1 Extension options

Some leases of office buildings and office equipment contains extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

GROUP	*LEASE LIABILITIES RECOGNISED (DISCOUNTED) RM'000*	*POTENTIAL FUTURE LEASE PAYMENTS NOT INCLUDED IN LEASE LIABILITIES (DISCOUNTED) RM'000*	*HISTORICAL RATE OF EXERCISE OF EXTENSION OPTIONS %*
Land	*45,556*	–	–
Buildings	*114*	–	–
Office equipment	*138*	*36*	–

4.2 Restriction imposed by lease

The lease contracts for land restrict the Group's ability to sublease the leased assets in the respective contracts. The land shall be used solely and exclusively for the solar panel facility.

5. INVESTMENT PROPERTIES

GROUP	NOTE	INVESTMENT PROPERTIES RM'000
Cost		
At 1 January 2019		55,399
Additional expenditure in investment properties		115
Transfer from property, plant and equipment	3	3,175
At 31 December 2019/1 January 2020		58,689
Additional expenditure in investment properties		191
Transfer to property, plant and equipment	3	(248)
Transfer from other current assets	13	290
At 31 December 2020		58,922

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. INVESTMENT PROPERTIES (cont'd)

GROUP (cont'd)	NOTE	INVESTMENT PROPERTIES RM'000
Accumulated depreciation		
At 1 January 2019		4,958
Transfer to property, plant and equipment	3	273
Depreciation charged for the year		1,045
At 31 December 2019/1 January 2020		6,276
Transfer to property, plant and equipment	3	(118)
Depreciation charged for the year		1,046
At 31 December 2020		7,204
Carrying amounts		
At 1 January 2019		50,441
At 31 December 2019/1 January 2020		52,413
At 31 December 2020		51,718

Investment properties comprise a number of commercial properties that are leased to third parties. The leases contain initial non-cancellable period up to 3 years. No contingent rents are charged.

The following are recognised in profit or loss in respect of the investment properties:

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Rental income			
- Revenue	23	4,718	4,762
- Other income	25	128	116
Property maintenance cost from income generating investment properties	24	(2,959)	(2,831)

Fair value information

	GROUP 2020 RM'000	GROUP 2019 RM'000
Estimated fair value	89,997	89,997

Fair value of investment properties are categorised as Level 3. The fair value of the investment properties are derived based on sales comparison approach by reference to observed market price in other similar property transactions.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Estimated fair value of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Security

Certain investment properties with carrying amount of RM49,768,000 (2019: RM50,427,000) and its rental proceeds were pledged to secure the Group's revolving credits (Note 18(d)).

Certain investment properties with carrying amount of RM622,000 (2019: RM639,000) and RM635,000 (2019: RM653,000) were pledged to secure the Group's term loan (Note 18(a)(v)) and revolving credit (Note 18(d)) respectively.

Operating lease payments receivable

The operating lease payments to be received are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Less than one year	3,369	3,438
One to two years	2,651	1,593
Two to three years	–	421
Total undiscounted lease payments	6,020	5,452

6. INTANGIBLE ASSET

GROUP	INTANGIBLE ASSET RM'000
Cost	
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	12,393
Accumulated amortisation	
At 1 January 2019	2,480
Amortisation for the year	620
At 31 December 2019/1 January 2020	3,100
Amortisation for the year	620
At 31 December 2020	3,720
Carrying amounts	
At 1 January 2019	9,913
At 31 December 2019/1 January 2020	9,293
At 31 December 2020	8,673

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. SERVICE CONCESSION ASSETS

GROUP	SERVICE CONCESSION ASSETS RM'000
Cost	
At 1 January 2019	344,150
Additions	10,169
Fair value adjustments	1,712
At 31 December 2019/1 January 2020	356,031
Additions	2,024
Fair value adjustments	7
At 31 December 2020	358,062
Accumulated amortisation	
At 1 January 2019	20,459
Amortisation for the year	18,493
At 31 December 2019/1 January 2020	38,952
Amortisation for the year	16,488
At 31 December 2020	55,440
Carrying amounts	
At 1 January 2019	323,691
At 31 December 2019/1 January 2020	317,079
At 31 December 2020	302,622

On 15 June 2012 and 28 June 2012, a subsidiary [Special Universal Sdn. Bhd. ("SUSB")] and Tenaga Nasional Berhad ("TNB") ("concession grantor") entered into Renewable Energy Power Purchase Agreement ("REPPA") to develop, design, finance, insure, procure, construct, install, test, commission, own, operate, manage and maintain the Renewable Energy Installation, the Interconnection Facilities and the Communication Facilities. The effective period of the REPPA as specified in the Feed-in Approval date is 21 years.

On 16 March 2017, a subsidiary [Sinar Kamiri Sdn. Bhd. ("SKSB")] and TNB ("concession grantor") entered into Power Purchase Agreement ("PPA") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 49MW proposed to be located in Sungai Siput, Kuala Kangsar, Perak to generate and deliver solar photovoltaic energy to TNB. The PPA will be expired on the day before 21 years of the commercial operation date of the facility.

Both REPPA and PPA allow, directly or indirectly for concession grantor's involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract. Thus, both REPPA and PPA are scoped in under the framework of IC Interpretation 12, *Service Concession Arrangement*.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES

	COMPANY 2020 RM'000	COMPANY 2019 RM'000
At cost:		
Unquoted shares	317,771	317,771

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2020 %	EFFECTIVE EQUITY INTEREST 2019 %	DIRECTOR *
Held by the Company:					
Mudajaya Corporation Berhad ("MCB")	Malaysia	Civil engineering and building construction	100	100	JW LEL TTT
MJC Development Sdn. Bhd. ("MJCD")	Malaysia	Property management, development and building construction	100	100	JW LEL LTL
MJC Industries Sdn. Bhd. ("MJCI")	Malaysia	Investment holding	100	100	JW TTT YKC
Mudajaya Energy Sdn. Bhd. ("MESB")	Malaysia	Investment holding	100	100	JW LEL TTT
Mudajaya Ventures Limited ("MVL")	Federal Territory of Labuan, Malaysia	Special purpose vehicle for issuance of medium term notes	100	100	JW LEL
Dayang Pertiwi Sdn. Bhd. ("DPSB") #^	Malaysia	Investment holding	100	–	JW LEL
Held through MCB:					
Mudajaya Land Sdn. Bhd.	Malaysia	Property management and development	100	100	JW LEL LTL
MJC City Development Sdn. Bhd. ("MJCC")	Malaysia	Property development	70	70	JW LEL LTL CKS SHP

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2020 %	2019 %	DIRECTOR *
Held through MCB: (cont'd)					
Great Hill International Ltd. #^	Republic of Mauritius	Has not commenced operations	–	100	JW LEL
Entrutech Sdn. Bhd.	Malaysia	Engineering, procurement, construction and commissioning ("EPCC")	100	100	JW LEL TTT
Indah Kirana (M) Sdn. Bhd. #^	Malaysia	Strike-off	–	100	JW LEL
Mudajaya Middle East Ltd. ("MMEL") #^	Kingdom of Saudi Arabia	General construction and investment holding	75	75	YYC ASFJ MAAR AHAS NCK
Mudajaya International Investment Ltd. ("MIIL") #^	British Virgin Island	Has not commenced operations	100	100	MCB
Desiran Johan Sdn. Bhd.	Malaysia	Property development and construction	70	70	JW LEL TTT TTL ABR
Dayang Pertiwi Sdn. Bhd. ("DPSB") #^	Malaysia	Investment holding	–	100	JW LEL
Mudajaya City Corporation Sdn. Bhd. ("MCSB") #^	Malaysia	Property development and construction	100	100	JW LEL
Mudajaya Holdings Sdn. Bhd. ("MHSB") #^	Malaysia	Has not commenced operations	100	100	JW LEL
Mudajaya Facilities Management Sdn. Bhd. ("MFMSB")	Malaysia	Operation and management of power plant	100	100	JW LEL

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2020 %	2019 %	DIRECTOR *
Held through MIIL:					
Mudajaya Construction (India) Private Ltd. #^	India	Construction and related business	100	100	JW JSK
Held through MJCI:					
MJC Precast Sdn. Bhd. ("MJCP")	Malaysia	Manufacture of precast concrete and other related products	100	100	JW TTT YKC
MJC Trading Sdn. Bhd. ("MJCT")	Malaysia	Trading in construction related materials	100	100	JW LEL
Held through MJCP:					
Mudajaya IBS Sdn. Bhd. ("MIBS")	Malaysia	Manufacture of precast concrete and other related products	100	100	JW LEL TTT YKC
Held through MESB:					
Active Flora Sdn. Bhd. ("AFSB")	Malaysia	Investment holding	100	100	JW TTT CMH
Positive Range Sdn. Bhd. ("PRSB")	Malaysia	Investment holding	100	100	JW TTT
Mudajaya Power International Sdn. Bhd. ("MPISB")	Malaysia	Civil engineering and building construction	100	100	JW TTT
Mudajaya RE Sdn. Bhd.	Malaysia	Investment holding	100	100	JW LEL
Bera Hydropower Sdn. Bhd. ("BHSB") #^	Malaysia	Business of general engineering and property.	76	–	JW LEL TTT ATAG TAK

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2020 %	2019 %	DIRECTOR *
Held through AFSB and PRSB:					
Special Universal Sdn. Bhd. ("SUSB")	Malaysia	Photovoltaic power plant	60	60	JW LEL TTT OKJ OAH
Held through MPISB:					
PT Mudajaya Energi Indonesia #	Indonesia	Investment holding	95	95	JW TTT THP
Held through Mudajaya RE Sdn. Bhd.:					
Sinar Kamiri Sdn. Bhd.	Malaysia	Power generation and investment holding	100	100	JW LEL TTT
Held through MJCD:					
Piala Tebrau (M) Sdn. Bhd.	Malaysia	Dormant	100	100	JW TTT
Held through DPSB:					
Captain Profit Limited ("CPL") #^	British Virgin Islands	Has not commenced operations	100	–	JW LEL
Double Ace Global Limited #^	British Virgin Islands	Has not commenced operations	100	–	JW LEL
Held through CPL:					
Mudajaya Pacific Limited (f.k.a Bright Adventure Limited) #^	Hong Kong	Has not commenced operations	100	–	JW LEL

Not audited by member firms of KPMG International
^ Consolidated based on management accounts
* The directors who served as at date of report

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.1 Directors' in the subsidiaries

James Wong Tet Foh (JW)
Lee Eng Leong (LEL)
Teoh Teik Thiam (TTT)
Lee Tze Liu (LTL)
Yam Keong Chee (YKC)
Chai Kun Seng (CKS)
Sim Hee Pang (SHP)
Yong Yee Coi (YYC)
Anto SF Joseph (ASFJ)
Mohammad Abdullah Abdul Rahman Al-Shoail (MAAR)
Abdul Hafiz Al-Shedokhi (AHAS)
Ng Chee Kin (NCK)
Mudajaya Corporation Berhad (MCB)
Tan Tong Lai (TTL)
Ahmad Badri bin Ramli (ABR)
Jayasree S. Kumar (JSK)
Chai Min Hon (CMH)
Ong Kah Joon (OKJ)
Ong Ah Hua (OAH)
Turima Heri Purwanto (THP)
Ahmed Tauzan Bin Abd.Ghani (ATAG)
Teng Ah Kiong (TAK)

8.2 Acquisition of subsidiary and non-controlling interests

On 17 January 2020, DPSB incorporated two limited companies known as Captain Profit Limited ("CPL") and Double Ace Global Limited ("DAG"). As a result of the incorporation, CPL and DAG became the indirect subsidiaries of the Company.

On 3 February 2020, CPL incorporated a limited company known as Mudajaya Pacific Limited ("MPL") (formerly known as Bright Adventure Limited). As a result of the incorporation, MPL became an indirect subsidiary of the Company.

On 16 June 2020, the Group acquired 76% shares in Bera Hydropower Sdn Bhd for RM1,266,667, satisfied in cash. The Company is principally engaged in the business of general engineering and property. The Company has been selected as one of the successful bidders in a competitive Feed-in Tariff e-bidding small hydro tender exercise ("the Project") by the Government of Malaysia through Sustainable Energy Development Authority Malaysia ("SEDA"). The Company has received the Feed-in Approval Certificate from SEDA on 30 December 2020.

The Company will enter into a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad for the Project located in Pahang, Malaysia at the installed capacity and tariff rate of 30 Megawatt and RM0.29 per kWh respectively for a period of 21 years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.2 Acquisition of subsidiary and non-controlling interests (continued)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	GROUP 2020 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	1,267

Identifiable assets acquired and liabilities assumed

	GROUP 2020 RM'000
Other receivables	840
Cash and cash equivalents	827
Other payables	(31)
Total identifiable net assets	1,636
Percentage of ownership interest and voting interest	76%
	1,243

	GROUP 2020 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(1,267)
Cash and cash equivalents acquired	827
	(440)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.3 Group restructuring activities

On 7 March 2019, MCB completed the disposal of 2 ordinary shares, representing 100% of total issued share capital of Piala Tebrau (M) Sdn. Bhd., a wholly-owned subsidiary of MCB to MJCD, a wholly-owned subsidiary of the Company for a total consideration of RM2.00.

On 13 May 2020, MCB completed the disposal of 2 ordinary shares, representing 100% of total issued share capital of Dayang Pertiwi Sdn Bhd ("DPSB")., a wholly-owned subsidiary of MCB to the Company for a total consideration RM2.00. Subsequently, DPSB became a wholly-owned subsidiary of the Company.

8.4 Investment in a subsidiary written off

On 23 September 2020, Indah Kirana Sdn. Bhd. ("IKSB") has obtained approval by its sole shareholder, MCB to strike off its name from the Register of Companies Commission of Malaysia of the Companies Act 2016 on basis that the Company is not carrying on business and has no intention to commence business in the future. Subsequently, IKSB ceased to be an indirect subsidiary of the Company.

Great Hill International Ltd ("GHL") had on 1 October 2020 received the notice of removal from Registrar of Companies of the Republic of Mauritius. The Notice confirmed that the name of GHL had been removed from the registrar of companies on 1 October 2020. As a result of the removal, GHL ceased to be an indirect subsidiary of the Company.

	GROUP 2020 RM'000
Administrative expenses	(17)
Results from operating activities	(17)
Loss on subsidiary written off	(124)
Loss on the year	(141)

The effect of investment in a subsidiary written off on the financial position of the Group are as below:

	GROUP 2020 RM'000
Other receivables	9
Cash and cash equivalents	–
Foreign currency translation reserve	115
Net assets	124
Loss on subsidiary written off	(124)
Consideration received, satisfied in cash	–
Cash and cash equivalents disposed off	–
Net cash inflow	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.5 Disposal of subsidiaries

On 27 December 2019, the Group signed a Share Sale and Purchase Agreement for disposal of 80% equity interest in MIPP, comprising 1,600,000 ordinary shares to Master One Global Limited for a total cash consideration of RM150,000. Accordingly, MIPP and MIPP (B) Sdn. Bhd. ceased as the subsidiaries of the Group.

	GROUP	
	2020 RM'000	2019 RM'000
Cost of sales	–	–
Other income	–	–
Administrative expenses	–	(453)
Results from operating activities	–	(453)
Loss on disposal of subsidiaries	–	(5,227)
Loss on the year	–	(5,680)

The loss on disposal of subsidiaries of RM5,227,000 is attributable entirely to the owners of the Company.

Effect of the disposal on financial position of the Group

	GROUP	
	2020 RM'000	2019 RM'000
Trade and other receivables	–	106,226
Cash and cash equivalents	–	138
Trade and other payables	–	(120,636)
Foreign currency translation reserve	–	16,841
Non-controlling interest	–	2,867
Net assets	–	5,436
Loss on disposal of subsidiaries	–	(5,227)
Consideration received, satisfied in cash	–	209
Cash and cash equivalents disposed off	–	(138)
Net cash inflow	–	71

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.6 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	MJCC RM'000	SUSB RM'000	OTHER SUBSIDIARIES WITH IMMATERIAL NCI RM'000	TOTAL RM'000
2020				
NCI percentage of ownership interest and voting interest	30%	40%		
Carrying amount of NCI	21,987	15,190	(1,207)	35,970
Profit/(Loss) allocated to NCI	1,088	1,590	(35)	2,643
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,386	65,813		
Current assets	91,951	6,966		
Non-current liabilities	(3,218)	(33,128)		
Current liabilities	(18,828)	(1,676)		
Net assets	73,291	37,975		
Year ended 31 December				
Revenue	11,514	11,989		
Profit for the year	3,627	3,975		
Total comprehensive income	3,627	3,975		

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.6 Non-controlling interest in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (cont'd)

	MJCC RM'000	SUSB RM'000	OTHER SUBSIDIARIES WITH IMMATERIAL NCI RM'000	TOTAL RM'000
2019				
NCI percentage of ownership interest and voting interest	30%	40%		
Carrying amount of NCI	20,899	13,600	(1,572)	32,927
Profit/(Loss) allocated to NCI	344	1,502	(18)	1,828
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,640	70,287		
Current assets	91,284	5,668		
Non-current liabilities	(2,833)	(32,147)		
Current liabilities	(22,427)	(9,808)		
Net assets	69,664	34,000		
Year ended 31 December				
Revenue	14,575	12,285		
Profit for the year	1,148	3,756		
Total comprehensive income	1,148	3,756		
Dividends paid to NCI	–	400		

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENTS IN ASSOCIATES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
At cost			
Unquoted shares		951,030	951,030
Share of post-acquisition reserves		(865,481)	(756,292)
Less: Impairment loss		(75,854)	(186,899)
		9,695	7,839

NAME OF ASSOCIATES	NOTE	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2020 %	EFFECTIVE EQUITY INTEREST 2019 %	ACCOUNTING MODEL APPLIED
Held by MCB:						
R.K.M. Powergen Private Limited ("RKM") #	(i)	India	Power producer	19	26	Equity method
Musyati Mudajaya JV Sdn. Bhd. ("MMJV") #		Malaysia	Construction and upgrading of The Pan Borneo Highway in the State of Sarawak	30	30	Equity method
Kendiri Emas Mudajaya Sdn. Bhd. ("KEM") #	(ii)	Malaysia	Development of public works department, Sarawak projects in the state of Sarawak	30	–	Equity method
Held through MPISB:						
PT Harmoni Energy Indonesia # ("PT Harmoni")		Indonesia	Power producer	46	46	Equity method

Not audited by member firms of KPMG International

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENTS IN ASSOCIATES (cont'd)

Summarised financial information

The summarised financial information in respect of the Group's material associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020		2019	
	RKM RM'000	PT HARMONI RM'000	RKM RM'000	PT HARMONI RM'000
Summarised statement of financial position				
Current assets	649,056	10,275	366,659	12,758
Non-current assets	6,892,025	122,838	7,375,458	130,799
Total assets	7,541,081	133,113	7,742,117	143,557
Current liabilities	(3,793,113)	(128,549)	(4,606,520)	(133,791)
Non-current liabilities	(5,658,769)	(6,431)	(4,595,677)	(15,009)
Total liabilities	(9,451,882)	(134,980)	(9,202,197)	(148,800)
Summarised statement of comprehensive income				
(Loss)/Profit for the year	(432,426)	3,266	(1,010,121)	4,197

The reconciliation of summarised financial information presented above to the carrying amount of the Group's interest in material associates as follows:

	2020		2019	
	RKM RM'000	PT HARMONI RM'000	RKM RM'000	PT HARMONI RM'000
Net liabilities at 1 January	(1,460,080)	(5,228)	(493,082)	(9,199)
Exchange rate movement	(18,295)	95	43,123	(226)
(Loss)/Profit for the year	(432,426)	3,266	(1,010,121)	4,197
	(1,910,801)	(1,867)	(1,460,080)	(5,228)
Interest in an associate	19.24%	46%	26%	46%
Group's share of net liabilities	(367,638)	(859)	(379,621)	(2,405)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENTS IN ASSOCIATES (cont'd)

	RKM RM'000	PT HARMONI RM'000	OTHER IMMATERIAL ASSOCIATES RM'000	TOTAL RM'000
2020				
Reconciliation of net assets carrying amount as at 31 December				
Group's share of net (liabilities)/assets	(367,638)	(859)	5,234	(363,263)
Goodwill	493,552	7,783	–	501,335
Exchange rate movement	(51,863)	(660)	–	(52,523)
Impairment loss	(74,051)	(1,803)	–	(75,854)
Carrying amount in the statement of financial position	–	4,461	5,234	9,695
2019				
Reconciliation of net assets carrying amount as at 31 December				
Group's share of net (liabilities)/assets	(379,621)	(2,405)	4,880	(377,146)
Goodwill	613,061	7,783	–	620,844
Exchange rate movement	(48,344)	(616)	–	(48,960)
Impairment loss	(185,096)	(1,803)	–	(186,899)
Carrying amount in the statement of financial position	–	2,959	4,880	7,839

The aggregate information of associates that are not individually material, is as follows:

	2020 RM'000	2019 RM'000
The Group's share of profit for the year	736	796

(i) RKM has a 4x360MW Coal-Fired Independent Power Producer Project with a project cost amounting to INR127.06 billion (RM7.29 billion) in the state of Chhattisgarh, India at closing exchange rate of INR18.0968: RM1.00. The shareholders agreement dated 8 February 2007 between MCB and RK Powergen Private Limited ("RKP"), a company incorporated in India, provides for the subscription of shares in RKM to the extent of 26% and 74% by MCB and RKP respectively.

The Group's equity stake in RKM was reduced from 26% to 19.24% following the completion of the Master Debt Restructuring Agreement on 4 December 2020 by RKM and its lenders.

The term loan availed to RKM are secured by way of pledging of equity shares of RKM by its promoters in favour of the Lenders. Subsequent to the completion of the Master Debt Restructuring Agreement, the pledged RKM shares held by MCB in favour of the Lenders is diluted to 10.93% (2019: 15%).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVESTMENTS IN ASSOCIATES (cont'd)

During the financial year, the Group has equity accounted for its share of losses of RKM such that the carrying value of RKM in the Group's books remained as nil at 31 December 2020. The Group has correspondingly reversed the impairment loss previously recognised on the cost of investment in RKM amounting to RM111,045,00 (2019: impairment loss of RM39,545,000).

As at 31 December 2020, RKM is supplying up to 350 Mega Watts ("MW") power to several power distribution companies in the State of Uttar Pradesh pursuant to the Power Purchase Agreement dated 15 March 2016.

(ii) On 9 July 2020, MCB acquired 3 ordinary shares of RM1.00 each, representing 30% of the total issued and paid-up share capital of KEM, hence resulting in KEM becoming an associate of the Group.

10. OTHER INVESTMENTS

	GROUP	
	2020 RM'000	2019 RM'000
Non-current		
Fair value through profit or loss		
- Club memberships	936	936

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
GROUP	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	–	–	(38,524)	(42,000)	(38,524)	(42,000)
Investment properties	–	–	(2,632)	(2,540)	(2,632)	(2,540)
Right-of-use assets	–	–	(2,023)	(2,188)	(2,023)	(2,188)
Tax losses carry-forwards	1,129	9,203	–	–	1,129	9,203
Capital allowance carried forward	30,455	32,476	–	–	30,455	32,476
Lease liabilities	2,171	2,264	–	–	2,171	2,264
Others	1,365	1,366	–	(5,225)	1,365	(3,859)
Tax assets/(liabilities)	35,120	45,309	(43,179)	(51,953)	(8,059)	(6,644)
Set off for tax	(33,054)	(43,243)	33,054	43,243	–	–
Net tax assets/(liabilities)	2,066	2,066	(10,125)	(8,710)	(8,059)	(6,644)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movement in temporary differences during the year

	AT 1.1.2019 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 29) RM'000	AT 31.12.2019/ 1.1.2020 RM'000	RECOGNISED IN PROFIT OR LOSS (NOTE 29) RM'000	AT 31.12.2020 RM'000
Group					
Property, plant and equipment	(34,429)	(7,571)	(42,000)	3,476	(38,524)
Investment properties	(2,378)	(162)	(2,540)	(92)	(2,632)
Right-of-use assets	–	(2,188)	(2,188)	165	(2,023)
Tax losses carried forward	9,203	–	9,203	(8,074)	1,129
Capital allowance carried forward	26,948	5,528	32,476	(2,021)	30,455
Lease liabilities	–	2,264	2,264	(93)	2,171
Others	(4,559)	700	(3,859)	5,224	1,365
	(5,215)	(1,429)	(6,644)	(1,415)	(8,059)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP 2020 RM'000	GROUP 2019 RM'000
Tax loss carry-forward	122,655	116,744
Unabsorbed capital allowances	–	2,155
Investment tax allowance carry-forward	254,660	254,640
Other deductible temporary differences	38,953	–
	416,268	373,539
Deferred tax assets at 24%	99,904	89,649

Deferred tax has not been recognised as there is no sufficient future taxable profits will be available against which they can be utilised.

Under current tax legislation, all the tax loss carry-forward will expire in year 2025. The unabsorbed capital allowances do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. INVENTORIES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
At cost:			
Properties held for sale	(a)	47,031	54,538
Properties under development	(b)	24,990	62,566
Raw materials and spare parts		6,472	6,175
		78,493	123,279
At net realisable value:			
Properties held for sale	(a)	51,679	–
		130,172	123,279

(a) Properties held for sale

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Recognised in profit or loss:			
Inventories recognised as cost of sale			
- Properties held for sale		7,557	10,070
- Raw materials		50,323	63,824
	24	57,880	73,894
Cost			
At beginning of year		54,538	34,378
(Reduction)/Addition		(806)	350
Add: Transfer from properties under development			
- Leasehold land	12 (b)	–	6,402
- Development costs	12 (b)	–	23,478
		53,732	64,608
Less: Cost recognised as cost of sales in profit or loss		(6,701)	(10,070)
At end of year		47,031	54,538
At net realisable value			
At beginning of year		–	–
Add: Transfer from properties under development			
- Development costs	12 (b)	57,378	–
Less: Cost recognised as cost of sales in profit or loss		(856)	–
Less: write-down to net realisable value		(4,843)	–
At end of year		51,679	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. INVENTORIES (cont'd)

(b) Properties under development

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Cost			
At beginning of year			
Leasehold land		–	6,402
Development costs		62,566	84,799
		62,566	91,201
Leasehold land			
- net transfer to properties held for sale	12 (a)	–	(6,402)
		–	(6,402)
Development costs			
- cost incurred during the year		19,802	4,712
- net transfer to properties held for sale	12 (a)	(57,378)	(23,478)
- reversal of accruals		–	(3,467)
		(37,576)	(22,233)
At end of year			
Leasehold land		–	–
Development costs		24,990	62,566
		24,990	62,566

The leasehold land cost comprised land premium, alienation cost and annual rent. The leasehold land was registered under a third party and was being developed by a subsidiary pursuant to the Development Agreement and a Supplemental Agreement entered into between the subsidiary and the said third party on 22 July 1996 and 23 July 1996 respectively. The Development Agreement and Supplemental Agreement provide inter alia for the payment in kind in return for the land contributed by the third party.

Certain properties held for sales are pledged to secure the Group's secured revolving credits (Note 18(d)).

13. OTHER CURRENT ASSETS

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Contra properties			
At beginning of year		199,587	199,587
Less:			
Transfer to investment properties	5	(290)	–
Impairment loss	26	(46,936)	–
		152,361	199,587

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. OTHER CURRENT ASSETS (cont'd)

Contra properties

In 2013, a subsidiary, MCB entered into a Compromise and Settlement Agreement with one of its debtors whereby the amount due from the debtor was settled via transfer of properties ("contra properties") to MCB. The contra properties comprise service apartments, office suites, retail units and parking lots in Kuala Lumpur, Malaysia.

On 6 April 2016, MCB entered into Final Settlement Agreement with the debtor and both parties agreed that MCB shall complete the balance of works in the Project on its own cost. The project was completed in financial year 2017.

Certain contra properties are pledged to secure the Group's secured term loan (Note 18(a)(iv)) and revolving credits (Note 18(d)), bankers' acceptance (Note 18(e)) and invoice financing (Note 18(f)).

The contra properties secured by way of contra arrangement are classified as current assets as the Group has no intention to hold the properties for long term investment. Such properties are classified within current assets and is stated at cost less any accumulated impairment loss. Gain or loss is recognised in profit or loss when the selling price can be reliably measured.

Impairment loss on other current assets

Management had estimated the fair value of the other current assets in current year and recognised an impairment loss of RM46,936,000 (2019: Nil). The recoverable amount of the other current assets was estimated based on fair value less costs to sell which the basis used is based on sales comparison approach by reference to observed market price in other similar property transactions.

14. CONTRACT WITH CUSTOMERS

(a) Contract assets/(liabilities)

	GROUP	
	2020 RM'000	2019 RM'000
Contract assets	51,476	65,014
Contract liabilities	(3,759)	(14,046)

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Construction contract is billed progressively in accordance with the respective contracts while property development contract is billed progressively in accordance with a schedule as specified in the sales and purchase agreement, of which is drafted in accordance with the Housing Development (Control and Licensing) Regulations, 2014.

Nevertheless, the schedule of billings do not correspond with the revenue recognition which is determined using input method on the basis of the actual property development costs incurred relative to the estimated total property development costs.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. CONTRACT WITH CUSTOMERS (cont'd)

(a) Contract assets/(liabilities) (cont'd)

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	GROUP 2020 RM'000	GROUP 2019 RM'000
Contract liabilities at the beginning of the period recognised as revenue	11,295	35,305
Contract liabilities at the beginning of the period not recognised as revenue due to change in time frame	2,751	6,185
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	1,835	3,888

(i) Contract fulfilment costs

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Contract fulfilment costs			
At beginning of year			
Leasehold land		–	2
Development costs		–	66
		–	68
Construction costs			
- cost incurred during the year		193,092	194,250
Power plant costs			
- cost incurred during the year		24,481	26,813
Less: Cost recognised as cost of sales in profit or loss			
- Construction costs		(193,092)	(194,250)
- Leasehold land		–	(2)
- Development costs		–	(66)
- Power plant costs		(24,481)	(26,813)
	24	(217,573)	(221,131)
At end of year			
Leasehold land		–	–
Development costs		–	–
		–	–

Land related costs that are attributable to the sold units are capitalised as contract costs during the current financial year. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Current					
Trade					
Trade receivables from contracts with customers		43,067	59,528	–	–
Other trade receivables		314	172	–	–
	(a)	43,381	59,700	–	–
Less: Impairment loss		(561)	(1,362)	–	–
		42,820	58,338	–	–
Retention sums		54,618	49,613	–	–
Less: Impairment loss		(5,058)	(5,058)	–	–
	(b)	49,560	44,555	–	–
Total trade receivables		92,380	102,893	–	–
Non-trade					
Other receivables		14,091	12,083	–	–
Less: Impairment loss		(2,276)	(3,101)	–	–
		11,815	8,982	–	–
Amount due from subsidiaries	(c)	–	–	181,263	171,216
Less: Impairment loss		–	–	(48,088)	(21,573)
		–	–	133,175	149,643
Amount due from associates	(d)	34,321	34,401	–	–
Less: Impairment loss		(13,501)	(11,105)	–	–
		20,820	23,296	–	–
Deposits	(e)	6,981	25,566	2	2
Advance payments	(f)	4,284	3,489	24	16
Goods and Service Tax ("GST") receivables	(g)	121	1,838	–	28
		44,021	63,171	133,201	149,689
		136,401	166,064	133,201	149,689

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms are generally on 30 to 90 days (2019: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Retention sums

Retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts. The defect liability periods range from 12 to 24 months. Retention sums are expected to be collected as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Within 1 year	7,206	8,552
More than 1 year	42,354	36,003
	49,560	44,555

(c) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(d) Amount due from associates

Included in the amount due from associates are two amounts of advances amounting to RM18,885,000 (2019: RM19,947,000) and RM225,000 (2019: RM2,344,000) respectively extended to PT Harmoni and are subjected to interest at 12% (2019: 12%) and 16% (2019: 16%) per annum respectively. The remaining balance is non-interest bearing. The amount due from associates are unsecured and repayable on demand.

(e) Deposits

Included in deposits in previous year was an amount of RM19,795,000 placed with Mayfair Ventures Sdn. Bhd ("MVSB") for the purchase of 56 units of apartments in Lumi Tropicana, a property development project by Thriven Global Berhad ("Thriven") which represented the remaining 200,000 units of Redeemable Preference Shares in MVSB upon completion of the settlement agreement entered between MJCD, Thriven and MVSB.

According to the settlement agreement, MJCD disposed all the ordinary shares and 45,000 of 245,000 Redeemable Preference Shares ("RPS") held by MJCD in MVSB with a carrying amount of RM7,849,000 to Thriven for a cash consideration of RM1,025,000. The remaining shortfall of RM6,824,000 together with the outstanding debts owing by MVSB to MJCD of RM40,298,000 (totalling RM47,122,000), will be settled via contra of 56 units of service apartments in Lumi Tropicana (a property development project by Thriven) and cash payment of RM101,000.

Upon completion of the disposal on 5 September 2017, MVSB ceased to be an associate of MJCD and the carrying amount of the remaining 200,000 RPS in MVSB has been reclassified to deposits.

(f) Advance payments

These are mainly contractual advance payments to subcontractors for construction works.

(g) Goods and Service Tax ("GST") receivables

The net amount of GST being the difference between input GST and output GST, receivable from or payable to the respective authorities at the reporting date, is included in other receivables or other payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	40,411	40,005	44	156
Deposits with financial institutions	270,789	261,870	94	91
	311,200	301,875	138	247

Financial institutions include licensed investment banks and asset management companies in Malaysia.

Cash at banks and deposits with financial institutions earned interest at floating rates based on daily deposit rates that cater for immediate cash requirements of the Group and the Company. Deposits placed with licensed investment banks and asset management companies are in the form of fixed deposits and units placed in money market funds. These deposits are on call and/or repo basis and bear interest at rates ranging from 1.79% to 3.54% (2019: 2.55% to 4.21%) per annum during the financial year.

Included in cash and bank balances of the Group is Designated Collection Accounts and Finance Service Reserve Account of RM1,591,000 (2019: RM1,778,000) charged for the term loans (Note 18(a)(iii)).

Included in cash and bank balances of the Group are the deposits with a financial institution of RM201,580,000 (2019: RM204,435,000) charged for the secured term loan (Note 18(a)(iv)).

Included in cash and bank balances and deposits with financial institutions of the Group are Disbursement Accounts held for the Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah which are restricted from use for other operations amounting to RM2,675,000 (2019: RM292,000) and RM45,419,000 (2019: RM41,720,000) respectively (Note 18(b)).

17. CAPITAL AND RESERVES

(a) Share capital

GROUP AND COMPANY	NUMBER OF SHARES 2020 '000	AMOUNT 2020 RM'000	NUMBER OF SHARES 2019 '000	AMOUNT 2019 RM'000
Ordinary shares, issued and fully paid:				
At 1 January	605,418	393,172	605,418	393,172
Issue for cash	58,987	14,086	–	–
Less:			–	–
Cancellation of treasury shares	(15,543)	(9,528)	–	–
At 31 December	648,862	397,730	605,418	393,172

NOTES TO THE FINANCIAL STATEMENTS
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17. CAPITAL AND RESERVES (cont'd)

(a) Share capital (cont'd)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

During the financial year, the Company issued 58,987,000 new ordinary shares of RM0.2388 per ordinary share via a private placement to an eligible investor for a total cash consideration of approximately RM14,086,000 for the Group's working capital purposes.

On 6 October 2020, the Company has cancelled 15,543,300 treasury shares in the Company. Accordingly, the total issued capital is reduced from 664,405,466 ordinary shares to 648,862,166 ordinary shares subsequently.

(b) Treasury shares

Treasury shares related to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 7 August 2020, gave mandate to the Board of Directors ("BOD") of the Company to repurchase its own ordinary shares. The BOD of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

On 6 October 2020, the Company has cancelled 15,543,300 (2019: Nil) treasury shares in the Company amounting to RM9,528,000 (2019: Nil). Accordingly, the total issued capital is reduced from 664,405,466 ordinary shares to 648,862,166 ordinary shares subsequently.

(c) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees (Note 22). 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.

During the year, RM181,000 (2019: RM395,000) was transferred from the reserve to retained earnings upon forfeiture of the options upon resignation of employees.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
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18. LOANS AND BORROWINGS

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Non-current					
Secured:					
Term loans	(a)	215,290	224,107	–	–
Green SRI Sukuk Wakalah	(b)	230,000	240,000	–	–
		445,290	464,107	–	–
Current					
Unsecured:					
Bankers' acceptance		5,350	7,357	–	–
Euro Medium Term Notes ("EMTN")	(c)	161,264	163,547	–	–
Term loans	(a)	80,632	81,774	80,632	81,774
Revolving credits	(d)	4,000	4,000	–	–
		251,246	256,678	80,632	81,774
Secured:					
Bankers' acceptance	(e)	2,302	–	–	–
Invoice financing	(f)	4,385	18,646	–	–
Term loans	(a)	6,182	6,434	–	–
Green SRI Sukuk Wakalah	(b)	10,000	5,000	–	–
Revolving credits	(d)	125,500	126,500	–	–
		148,369	156,580	–	–
		399,615	413,258	80,632	81,774
		844,905	877,365	80,632	81,774

The maturities of the loans and borrowings as at 31 December 2020 are as follows:

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Within one year	399,615	413,258	80,632	81,774
More than 1 year and less than 2 years	222,775	220,394	–	–
2 to 5 years	49,986	71,222	–	–
5 years and above	172,529	172,491	–	–
	844,905	877,365	80,632	81,774

NOTES TO THE FINANCIAL STATEMENTS
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18. LOANS AND BORROWINGS (cont'd)

(a) Term loans

The term loans of the Group and the Company mainly comprise the following:

(i) A term loan of USD20,000,000 which bears interest rate of 7.50% per annum until 26 June 2020; 7.94% per annum for the period between 27 June 2020 and 26 July 2020; 7.5% per annum thereafter until 28 December 2020 and 7.88% per annum thereafter (2019: 10.94% per annum for the first month from the drawdown date and 7.50% per annum thereafter).

The loan is repayable on 28 June 2021 or such other date as agreed in writing between the Lender and the Borrower.

(ii) A term loan of RM50,000,000 which bears interest rate of 2.00% (2019: 2.00%) per annum above the bank's cost of funds ("COF") and the bank's cost of maintaining statutory and liquidity reserves (if any).

The loan is repayable by 38 equal quarterly instalments commencing 6 months from the date of first drawdown.

(iii) A term loan of RM7,600,000 which bear interest rate of 2.00% (2019: 2.00%) per annum above the bank's COF and the bank's cost of maintaining statutory and liquidity reserves (if any).

The loan is repayable by 38 equal quarterly instalments commencing 6 months from the date of first drawdown.

The term loans (ii) and (iii) are secured by the following:

- charge over cash deposits into Designated Collection Account ("DCA") and Finance Service Reserve Account ("FSRA") (Note 16);

- assignment of contract proceeds;

- assignment of all rights, interest and benefit under the all risk insurance policy and/or warranty by supplier/manufacturer;

- letter of undertaking from MCB to replenish FSRA; and

- corporate guarantee by MCB.

(iv) A term loan of USD50,000,000 which bears interest of 2.25% (2019: 1.75%) per annum over London Inter Bank Offer Rate. The term loan will mature on 19 January 2022. The term loan is secured by a charge over certain contra properties of the Group (Note 13) and the deposits with a financial institution of RM201,580,000 (2019: RM204,435,000) of the Group (Note 16).

(v) A term loan of RM3,600,000 which bears interest rate of 1.8% (2019: 1.8%) per annum below the bank lending rate ("BLR"). The term loan is repayable by 240 monthly instalments. The term loan is secured by a charge over 8 units of commercial shoplots (Note 3 and Note 5) and 8 units of residential units (Note 3) of the Group.

Other information on financial risk of borrowings is disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS (cont'd)

(b) Green SRI Sukuk Wakalah

On 30 January 2018, SKSB issued RM245 million Green SRI Sukuk Wakalah under the Shariah Principle of Wakalah Bi Al-Istithmar which bears interest at rates ranging from 4.96% to 6.35% per annum and was based on the Securities Commission's Sustainable and Responsible Investment ("SRI") Sukuk Framework ("Green SRI SUKUK WAKALAH").

The borrowing is secured by the following:

(a) a first ranking charge pursuant to the National Land Code, 1965 ("NLC") over the Photovoltaic ("PV") Site Lease ("Charge over PV Site Lease");

(b) a first ranking charge pursuant to the NLC over the Koperasi NLFCS Berhad ("NLFCS") SPA Land A ("Charge over NLFCS SPA Land A");

(c) a first ranking charge pursuant to the NLC over the NLFCS Lease ("Charge over NLFCS Lease");

(d) a first ranking debenture comprising fixed and floating charges over all present and future assets of SKSB;

(e) a first ranking legal and absolute assignment ("Deed of Assignment") of all the rights, titles, interests and benefits under the following and proceeds (Note 16) therefrom:-

(i) the Project Agreements (save and except for the Perak State Agricultural Development Corporation ("SADC") Lease Agreement);

(ii) all performance and/or maintenance bonds in respect of the Project and all other guarantees, advance payment bonds and other forms of payment or performance security issued in favour of the Issuer pursuant to any Project Agreements; and

(iii) all permits and licences required to undertake the Project (to the extent that such permits and licences are assignable).

(c) EMTN

On 28 December 2016, Mudajaya Ventures Limited ("MVL"), a wholly-owned subsidiary of the Company issued US$60 million Notes ("Notes") under the US$200 million Euro Medium Term Note Programme. The Notes are unsecured and bear an interest rate of 7% per annum payable semi-annually. As of to date, all interest arising has been paid timely. The tenure of the Notes is 3 years from the issue date and matured on 28 December 2019.

On 27 November 2019, MVL obtained approval from the noteholder for an extension of the maturity date of the Notes to 28 December 2020. Simultaneous with such extension, the Company has on even date, redeemed US$20 million of the Notes.

On 27 November 2020, MVL obtained another approval from the noteholder for an extension of the maturity date of the Notes to 28 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS (cont'd)

(d) Revolving credits

Both unsecured and secured revolving credit facilities were drawn down for working capital requirements. The revolving credits which were rolled-over on a monthly basis bear interest at rates ranging from 3.44% to 4.16% (2019: 4.82% to 5.53%) per annum. The interest rates are fixed at the date of each drawdown and might be revised at the commencement of each roll-over period.

The secured revolving credits are secured by a charge over certain buildings of the Group (Note 3), certain investment property of the Group (Note 5), certain properties held for sale of the Group (Note 12) and certain properties of the Group (Note 13).

(e) Bankers' acceptance

The Group's bankers' acceptance is secured by a charge over certain contra properties of the Group (Note 13).

(f) Invoice financing

The Group's invoice financing is secured by a charge over certain contra properties of the Group (Note 13).

19. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Trade					
Trade payables	(a)	139,404	130,067	–	–
Deposit liabilities	(b)	1,556	1,216	–	–
		140,960	131,283	–	–
Non-trade					
Deposits		4,414	7,976	–	–
Accruals		13,656	24,858	297	564
Other payables		7,988	13,756	98	77
Amount due to a subsidiary	(c)	–	–	10,497	13,535
		26,058	46,590	10,892	14,176
		167,018	177,873	10,892	14,176

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are ranging from 7 to 90 days (2019: 7 to 90 days).

(b) Deposit liabilities

Deposit liabilities represent cash deposits received from customers.

(c) Amounts due to a subsidiary

Amounts due to a subsidiary is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. DERIVATIVES FINANCIAL LIABILITIES

GROUP	2020 NOMINAL VALUE RM'000	2020 LIABILITIES RM'000	2019 NOMINAL VALUE RM'000	2019 LIABILITIES RM'000
Derivative at fair value through profit or loss				
Cross currency interest rate swap	201,580	2,814	204,435	511

The cross currency interest rate swap is entered into by the Group to manage the foreign currency exposures arising from the Group's term loan denominated in currencies other than the functional currency of the Group entities.

21. DEFERRED INCOME

The deferred income represented the deferred interest income during construction of the 56 units of service apartments in Lumi Tropicana receivable from MVSB pursuant to the settlement agreement. The deferred income will be recognised in profit or loss upon delivery of vacant possession of these service apartments.

During the financial year, the deferred income was recognised in profit or loss upon delivery of vacant possession of these service apartments.

22. EMPLOYEE BENEFITS

Employees' share option scheme ("ESOS")

The ESOS of the Company ("Mudajaya ESOS") became effective on 30 September 2011.

Pursuant to the Mudajaya ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group:

- On 3 October 2011, a total of 21,051,700 share options were granted at a subscription price of RM1.90 per share;

- On 16 July 2012, a total of 4,103,500 share options were granted at a subscription price of RM2.73 per share;

- On 3 October 2012, a total of 826,700 share options were granted at a subscription price of RM2.70 per share;

- On 2 May 2013, a total of 2,195,000 share options were granted at a subscription price of RM2.44 per share;

- On 3 October 2013, a total of 3,205,000 share options were granted at a subscription price of RM2.75 per share;

- On 18 February 2014, a total of 630,600 share options were granted at a subscription price of RM2.65 per share;

- On 15 July 2016, a total of 16,100,000 share options were granted at a subscription price of RM1.15 per share; and

- On 30 October 2017, a total of 600,000 share options were granted at a subscription price of RM1.15 per share.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. EMPLOYEE BENEFITS (cont'd)

Employees' share option scheme ("ESOS") (cont'd)

The salient features of the Mudajaya ESOS are as follows:

(i) The original scheme is in force for a period of 5 years from 30 September 2011, being the date of implementation and on 1 August 2016, the Board has approved to extend the share options for a further period of 5 years which will expire on 28 September 2021;

(ii) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management;

(iii) Not more than 10% of the shares available under the ESOS is allocated to any individual director or employee who, either individually or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company;

(iv) An executive director of the Group or an employee of the Group who is employed full time (at least one year of continuous service prior to and up to the Date of Offer) and is on the payroll of the Group, but does not include employees under probation, are eligible to participate in the scheme, subject to the final decision of the Board;

(v) The option price under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad, for the five market days preceding the offer date, or RM0.20, whichever is the higher; and

(vi) Options granted under the ESOS carry no dividend nor voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

GROUP AND COMPANY	NUMBER OF OPTIONS						
2020	**AT 1.1.2020 '000**	**GRANTED '000**	**REJECTED '000**	**FORFEITED '000**	**EXERCISED '000**	**AT 31.12.2020 '000**	**EXERCISABLE 31.12.2020 '000**
Grant date							
3 October 2011	2,896	–	–	88	–	2,808	2,808
16 July 2012	415	–	–	–	–	415	415
3 October 2012	76	–	–	13	–	63	63
2 May 2013	1,360	–	–	–	–	1,360	1,360
3 October 2013	660	–	–	114	–	546	546
18 February 2014	631	–	–	–	–	631	631
15 July 2016	14,200	–	–	–	–	14,200	11,360
	20,238	–	–	215	–	20,023	17,183
Weighted average exercise price ("WAEP") (RM)	1.48	–	–	2.40	–	1.15	1.52

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. EMPLOYEE BENEFITS (cont'd)

Employees' share option scheme ("ESOS") (cont'd)

GROUP AND COMPANY	NUMBER OF OPTIONS						
2019	AT 1.1.2019 '000	GRANTED '000	REJECTED '000	FORFEITED '000	EXERCISED '000	AT 31.12.2019 '000	EXERCISABLE 31.12.2019 '000
Grant date							
3 October 2011	3,033	–	–	137	–	2,896	2,896
16 July 2012	424	–	–	9	–	415	415
3 October 2012	76	–	–	–	–	76	76
2 May 2013	1,360	–	–	–	–	1,360	1,360
3 October 2013	723	–	–	63	–	660	660
18 February 2014	631	–	–	–	–	631	631
15 July 2016	14,800	–	–	600	–	14,200	8,520
30 October 2017	600	–	–	600	–	–	–
	21,647	–	–	1,409	–	20,238	14,558
Weighted average exercise price ("WAEP") (RM)	1.47	–	–	1.30	–	1.48	1.61

The options outstanding at 31 December 2020 have an exercise price in the range of RM1.15 to RM2.75 (2019: RM1.15 to RM2.75) and a weighted average contractual life of 1 year (2019: 2 years).

No option were exercised during the financial year.

Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models:

GROUP AND COMPANY FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	GRANT DATE							
	30.10.2017	15.7.2016	18.2.2014	3.10.2013	2.5.2013	3.10.2012	16.7.2012	3.10.2011
Fair value at grant date	0.32	0.32	0.58	0.77	0.74	0.89	0.95	1.13
Dividend yield (%)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Expected volatility (%)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Risk-free interest rate (% p.a.)	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Expected life of option (years)	5	5	5	5	5	5	5	5
Weighted average share price (RM)	1.22	1.22	2.74	2.77	2.77	2.81	2.81	–

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The Group recognised an ESOS expense of RM394,000 (2019: RM733,000) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. REVENUE

23.1 Disaggregation of revenue

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000
Revenue from contracts with customers			
Construction contracts		242,318	261,698
Sale of completed properties			
- properties		11,699	–
- car park		634	–
Sale of development properties			
- properties		–	13,851
- car park		–	725
Sale of construction materials		43,218	64,021
Sale of power energy arising from concession arrangement		45,111	47,031
Construction revenue from concession arrangement		–	1,682
	(a)	342,980	389,008
Other revenue			
- Rental of office space	5	4,718	4,762
Total revenue		347,698	393,770

(a) Timing and recognition of revenue

	GROUP 2020 RM'000	GROUP 2019 RM'000
At a point in time	100,662	111,777
Over time	242,318	277,231
	342,980	389,008

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. REVENUE (cont'd)

23.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

NATURE OF GOODS OR SERVICES	TIMING OF RECOGNITION OR METHOD USED TO RECOGNISE REVENUE	SIGNIFICANT PAYMENT TERMS	VARIABLE ELEMENT IN CONSIDERATION	WARRANTY
Construction contracts	Revenue is recognised progressively over time using input method on the basis of the actual construction costs incurred relative to the estimated total construction costs.	Based on agreed milestones. Credit period of 30-60 days from invoice date	Promised consideration may vary if change of scope of work.	Defect liability period of 12 – 24 calendar months after the date of handing over of vacant possession to the customer.
Sale of development properties	Revenue is recognised progressively over time using input method on the basis of the actual property development costs incurred relative to the estimated total property development costs.	Credit period of 14 days from invoice date.	Not applicable.	Defect liability period of 18 calendar months after the date of handing over of vacant possession to the customer.
Sale of construction materials	Revenue is recognised at a point in time when the construction materials are certified by the customers or delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.
Sale of power energy arising from concession arrangement	Revenue is recognised at the point in time as and when the electricity is delivered to the off-taker, based on the actual electricity delivered from the date of their last meter reading and period end at a pre-determined rate.	Credit period of 30 days from invoice date.	The consideration based on actual electricity delivered at a pre-determined rate.	Not applicable.
Construction revenue from concession arrangement	Revenue is recognised progressively over time using input method on the basis of the actual construction costs incurred relative to the estimated total construction costs.	No payment term for construction revenue from concession arrangement. Refer to Note 2(g) for further details.	Not applicable.	Not applicable.
Sale of completed properties	Revenue is recognised at a point in time upon delivery of vacant possession.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.
Sale of car park	Revenue is recognised at a point in time upon delivery of car park.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. REVENUE (cont'd)

23.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	GROUP	
	2020 RM'000	2019 RM'000
Construction contracts	612,136	835,671

The allocation of transaction price to the remaining performance obligations is based on the contracts term with the customers of RM63,787,000 are expected to be completed by year 2021 and remaining RM548,349,000 are expected to be completed by year 2023.

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

24. COST OF SALES

		GROUP	
	NOTE	2020 RM'000	2019 RM'000
Cost of inventories sold	12(a)	57,880	73,894
Contract fulfilment costs	14(b)(i)	217,573	221,131
Property maintenance cost	5	2,959	2,831
		278,412	297,856

25. OTHER INCOME

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	6,260	11,472	4	7
Rental of investment properties	128	116	–	–
Gain on disposal of investment in an associate	–	4,230	–	–
Gain on disposal of property, plant and equipment	58	267	–	–
Income from material cost backcharged	–	60	–	–
Deferred income	5,659	–	–	–
Reversal of unrealised profits on equipment supply contract	–	244,646	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. OTHER INCOME (cont'd)

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Net gain on foreign exchange	2,597	8,200	–	–
Corporate guarantee income from an associate	300	299	–	–
Corporate guarantee income from subsidiaries	–	–	3,118	4,355
Funding income	–	–	6,582	–
Secondment fees	576	528	–	–
Miscellaneous	2,328	2,560	–	–
	17,906	272,378	9,704	4,362

26. RESULTS FROM OPERATING ACTIVITIES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
Statutory auditors		445	445	130	130
Other auditors		7	6	–	–
- Non-audit fees					
Statutory auditors		10	47	10	25
Material expense/(income)					
Amortisation of intangible asset	6	620	620	–	–
Amortisation of service concession assets	7	16,488	18,493	–	–
Depreciation of property, plant and equipment	3	4,997	5,160	–	–
Depreciation of investment properties	5	1,046	1,045	–	–
Depreciation of right-of-use assets	4	4,584	6,043	102	102
Fair value loss on derivative		2,303	7,513	–	–
Fair value loss on other investments		–	28	–	–
Impairment loss on goodwill arising from acquisition of a subsidiary		24	–	–	–
Loss on investment in a subsidiary written off	8.4	141	–	–	–
Loss on disposal of subsidiaries	8.5	–	5,227	–	–
Impairment loss of other current assets	13	46,936	–	–	–
Fair value adjustment of service concession assets		(7)	(1,712)	–	–
Gain on disposal of investment in an associate		–	(4,230)	–	–
Gain on disposal of property, plant and equipment		(58)	(267)	–	–
Loss on disposal of right-of-use assets		–	3	–	–
(Reversal of)/Allowance for impairment loss of investment in an associate		(111,045)	39,545	–	–
Property, plant and equipment written off		–	143	–	–
Inventories write down to net realisable value		4,843	–	–	–
Employee benefits expenses	27	21,040	29,379	1,044	1,792

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. RESULTS FROM OPERATING ACTIVITIES (cont'd)

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Results from operating activities is arrived at after charging/(crediting): (cont'd)					
***Material expense/(income)* (cont'd)**					
Net foreign exchange differences					
- realised		339	(646)	–	–
- unrealised		(2,936)	(7,554)	89	–
Non-executive directors' remuneration	27	695	703	695	703
Expense arising from lessee					
Expenses relating to short-term leases	a	2,639	3,248	–	–
Net loss on impairment of financial instruments and contract assets					
- financial assets a amortised cost		2,192	26,397	26,515	21,573

Note a

The Group leases properties and plant and equipment with contract term of less than 1 year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

27. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Wages and salaries		18,219	25,250	921	1,585
Social security contributions		153	147	2	1
Contributions to defined contribution plan		1,962	2,886	114	198
Share options granted under ESOS	22	394	733	–	–
Other benefits		312	363	7	8
		21,040	29,379	1,044	1,792

Included in employee benefits expenses of the Group and the Company are executive directors' and other key management personnel remuneration amounting to RM5,324,000* (2019: RM6,215,000) and RM1,285,000** (2019: RM1,591,000) as further disclosed.

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27. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors:				
Salaries and other emoluments	2,284	2,284	1,142	1,142
Bonus	–	544	–	272
Defined contribution plan	286	354	143	177
	2,570*	3,182	1,285**	1,591
Non-executive Directors:				
Fees	415	440	415	440
Other emoluments	280	263	280	263
	695	703	695	703
	3,265	3,885	1,980	2,294
Estimated money value of benefits-in-kind	115	102	35	32
Total Directors' remuneration	3,380	3,987	2,015	2,326
Other key management personnel:				
Salaries and other emoluments	2,454	2,368	–	–
Bonus	–	335	–	–
Defined contribution plan	300	330	–	–
	2,754*	3,033	–	–
Estimated money value of benefits-in-kind	49	51	–	–
Total other key management personnel compensation	2,803	3,084	–	–

28. FINANCE COSTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	48,874	51,307	6,511	125
Interest expense on lease liabilities	2,577	2,852	8	15
Recognised in profit or loss	51,451	54,159	6,519	140

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. TAX EXPENSE

Recognised in profit or loss

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax expense				
Current year	2,299	2,409	255	298
Prior years	(170)	13,222	81	4
	2,129	15,631	336	302
Deferred tax expense (Note 11)				
Current year	1,285	1,420	–	–
Prior years	130	9	–	–
	1,415	1,429	–	–
Total tax expense	3,544	17,060	336	302
Reconciliation of tax expense				
Loss before tax	(41,591)	(63,350)	(26,108)	(20,832)
Income tax calculated using Malaysian tax rate of 24%	(9,982)	(15,204)	(6,266)	(5,000)
Non-deductible expenses	10,628	27,415	6,521	5,301
Non-taxable income	(33,527)	(95,833)	–	(2)
Effect of share of associates' loss	26,205	62,378	–	–
Effect of tax losses incurred in tax exempt jurisdiction	5	3,749	–	–
Recognition of previously unrecognised temporary differences	(1,553)	–	–	(1)
Effect of deferred tax assets not recognised	11,808	21,324	–	–
(Over)/Under provision in prior years	(40)	13,231	81	4
	3,544	17,060	336	302

30. LOSS PER ORDINARY SHARE

Basic and diluted loss per ordinary share

The calculation of basic and diluted loss per ordinary share at 31 December 2020 was based on the loss attributable to ordinary shareholders over weighted average number of ordinary shares outstanding as at 31 December, as follows:

Loss attributable to ordinary shareholders:

	GROUP	
	2020 RM'000	2019 RM'000
Loss for the year attributable to owners of the Company	(47,919)	(87,918)

NOTES TO THE FINANCIAL STATEMENTS
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30. LOSS PER ORDINARY SHARE (cont'd)

Basic and diluted loss per ordinary share (cont'd)

	GROUP	
	2020	**2019**
Basic loss per ordinary shares		
Weighted average number of ordinary shares at 31 December ('000)	609,537	589,875
Basic and diluted loss per ordinary share (sen)	(7.86)	(14.90)

The share option of 20,023,000 units (2019: 20,238,000 units) could potentially dilute the earning per share when it is exercised. However, they are anti-dilutive for the periods presented.

31. OPERATING SEGMENTS

Segment information

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director & Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Construction contracts - undertaking engineering, constructions works, and equipment procurement;
(b) Property - the development of residential and commercial properties plus rental;
(c) Power - sale of power energy and facilities management; and
(d) Trading and manufacturing - trading in construction materials and manufacturing of construction related products.

The management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments have been entered into in normal course of business and have been established on mutually agreed terms and conditions.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director & Chief Executive Officer. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is based on the liabilities of a segment as included in the internal management reports that are reviewed by the Group Managing Director & Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. OPERATING SEGMENTS (cont'd)

2020	CONSTRUCTION CONTRACTS RM'000	PROPERTY RM'000	POWER RM'000	TRADING, MANUFACTURING AND OTHERS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS RM'000
Revenue:							
External customers	242,318	17,051	45,111	43,218	–		347,698
Inter-segment	–	2,037	1,919	21,044	(25,000)	(i)	–
Total revenue	242,318	19,088	47,030	64,262	(25,000)		347,698
Results:							
Included in the measure of segment profit/(loss) are:							
Interest income	1,133	126	3,583	1,418	–		6,260
Finance costs	(15,465)	(165)	(17,183)	(18,638)	–		(51,451)
Depreciation of property, plant and equipment	(2,425)	(482)	(84)	(2,006)	–		(4,997)
Share of profit/(loss) of associates	355	–	(109,544)	–	–		(109,189)
(Loss)/Profit after tax	(45,151)	6,623	5,762	(11,922)	(588)	(ii)	(45,276)
Assets:							
Included in the measure of segment assets are:							
Investment in associates	5,236	–	4,459	–	–		9,695
Additions to non-current assets	128	803	2,078	362	–	(iii)	3,371
Segment assets	460,832	227,813	467,925	694,495	(619,268)	(iv)	1,231,797
Segment liabilities	465,151	96,496	430,238	333,342	(243,204)	(v)	1,082,023

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. OPERATING SEGMENTS (cont'd)

2019	CONSTRUCTION CONTRACTS RM'000	PROPERTY RM'000	POWER RM'000	TRADING, MANUFACTURING AND OTHERS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS RM'000
Revenue:							
External customers	261,698	19,338	48,713	64,021	–		393,770
Inter-segment	(3,438)	1,749	1,872	11,479	(11,662)	(i)	–
Total revenue	258,260	21,087	50,585	75,500	(11,662)		393,770
Results:							
Included in the measure of segment profit/(loss) are:							
Interest income	1,633	118	4,595	5,126	–		11,472
Finance costs	(18,679)	(256)	(17,171)	(18,053)	–		(54,159)
Depreciation of property, plant and equipment	(2,732)	(407)	(76)	(1,945)	–		(5,160)
Share of loss of associates	671	–	(260,576)	–	–		(259,905)
Profit/(Loss) after tax	2,814	3,303	(57,630)	(29,598)	(4,979)	(ii)	(86,090)
Assets:							
Included in the measure of segment assets are:							
Investment in associates	4,881	–	2,958	–	–		7,839
Additions to non-current assets	108	1,031	11,929	1,219	–	(iii)	14,287
Segment assets	567,090	235,023	488,004	719,751	(682,374)	(iv)	1,327,494
Segment liabilities	507,995	105,088	453,359	344,869	(263,658)	(v)	1,147,653

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. OPERATING SEGMENTS (cont'd)

(i) Inter-segment revenues are eliminated on consolidation.

(ii) The following items are deducted from segment profit to arrive at (loss)/profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	GROUP	
	2020 RM'000	2019 RM'000
Loss from inter-segment	(588)	(4,979)

(iii) Additions to non-current assets consist of property, plant and equipment (Note 3), investment properties (Note 5) and service concession assets (Note 7).

(iv) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	GROUP	
	2020 RM'000	2019 RM'000
Inter-segment assets	(619,268)	(682,374)

(v) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	GROUP	
	2020 RM'000	2019 RM'000
Unallocated liabilities	(243,204)	(263,658)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include investments in associates, other investments and deferred tax assets.

	TOTAL REVENUE FROM EXTERNAL CUSTOMERS		NON-CURRENT ASSETS		ADDITIONS TO NON-CURRENT ASSET	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	347,698	393,770	434,443	458,179	3,371	14,287

Major customers

Approximately 72% (2019: 72%) of total revenue during the year is mainly contributed from four (4) (2019: four (4)) customers.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL") - Mandatorily required by MFRS 9; and
(b) Amortised cost ("AC")

2020	CARRYING AMOUNT RM'000	AC RM'000	MANDATORILY AT FVTPL RM'000
Financial assets			
Group			
Other investments	936	–	936
Trade and other receivables	131,996	131,996	–
Cash and cash equivalents	311,200	311,200	–
	444,132	443,196	936
Financial assets			
Company			
Trade and other receivables	133,177	133,177	–
Cash and cash equivalents	138	138	–
	133,315	133,315	–
Financial liabilities			
Group			
Trade and other payables	167,018	167,018	–
Refundable deposits	2,204	2,204	–
Loans and borrowings	844,905	844,905	–
Derivatives financial liabilities	2,814	–	2,814
	1,016,941	1,014,127	2,814
Company			
Trade and other payables	10,892	10,892	–
Loans and borrowings	80,632	80,632	–
	91,524	91,524	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Categories of financial instruments (cont'd)

2019	CARRYING AMOUNT RM'000	AC RM'000	MANDATORILY AT FVTPL RM'000
Financial assets			
Group			
Other investments	936	–	936
Trade and other receivables	140,942	140,942	–
Cash and cash equivalents	301,875	301,875	–
	443,753	442,817	936
Financial assets			
Company			
Trade and other receivables	149,645	149,645	–
Cash and cash equivalents	247	247	–
	149,892	149,892	–
Financial liabilities			
Group			
Trade and other payables	177,873	177,873	–
Refundable deposits	2,201	2,201	–
Loans and borrowings	877,365	877,365	–
Derivatives financial liabilities	511	–	511
	1,057,950	1,057,439	511
Company			
Trade and other payables	14,176	14,176	–
Loans and borrowings	81,774	81,774	–
	95,950	95,950	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.2 Net gains and losses arising from financial instruments

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Net gains/(losses) on				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	–	(28)	–	–
Financial liabilities at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(2,303)	(7,513)	–	–
Financial assets at amortised cost	2,214	(14,925)	(27,742)	(21,566)
Financial liabilities at amortised cost	(47,767)	(43,107)	(5,369)	(125)
Net losses	(47,856)	(65,573)	(33,111)	(21,691)
Net gains/(losses) on impairment of financial instruments and contract assets:				
Financial assets at amortised costs	(2,192)	(26,397)	(26,515)	(21,573)

32.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and cash and cash equivalents. The Company's exposure to credit risk arises principally from amount due from subsidiaries, financial guarantee given to banks for credit facilities granted to subsidiaries and cash and cash equivalents.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous years.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk arising from the financial assets is the carrying amount of each class of financial assets as recognised in the statements of financial position. A significant portion of these receivables are regular customers that have been transacting with the Group.

Concentration of credit risk

At the end of the reporting period, approximately 87% (2019: 80%) of the Group's trade receivables were due from 4 (2019: 4) major customers.

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by industry sector and geographic region were:

GROUP	2020 RM'000	2020 % OF TOTAL	2019 RM'000	2019 % OF TOTAL
By industry sector:				
Construction	124,930	87	145,236	86
Property development	7,030	5	6,625	4
Power	3,319	2	5,976	4
Manufacturing, trading and others	8,577	6	10,070	6
	143,856	100	167,907	100
By geographical:				
Malaysia	143,856	100	167,907	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments, letter of undertaking from banks and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

GROUP	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCE RM'000	NET BALANCE RM'000
2020			
Current (not past due)	131,977	–	131,977
1-30 days past due	434	–	434
31-60 days past due	10,926	–	10,926
61-90 days past due	38	–	38
91-120 days past due	23	–	23
More than 120 days past due	6,077	(5,619)	458
	149,475	(5,619)	143,856
Trade receivables	97,999	(5,619)	92,380
Contract assets	51,476	–	51,476
	149,475	(5,619)	143,856
2019			
Current (not past due)	133,619	(5,058)	128,561
1-30 days past due	7,087	–	7,087
31-60 days past due	38	–	38
61-90 days past due	15	–	15
91-120 days past due	8,361	–	8,361
More than 120 days past due	25,207	(1,362)	23,845
	174,327	(6,420)	167,907
Trade receivables	109,313	(6,420)	102,893
Contract assets	65,014	–	65,014
	174,327	(6,420)	167,907

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

There are trade receivables that are past due but not impaired where the Group has not recognised any loss allowance. Based on past trend, these receivables are collected within the next 12 months subsequent to the immediate financial year end. These receivables are unsecured in nature.

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

CREDIT IMPAIRED	TRADE RECEIVABLES RM'000	CONTRACT ASSETS RM'000	TOTAL RM'000
Balance at 1 January 2019	44,885	356	45,241
Amount written off	(52,382)	(356)	(52,738)
Net measurement of loss allowance	13,917	–	13,917
Balance at 31 December 2019/1 January 2020	6,420	–	6,420
Amount written off	(786)	–	(786)
Reversal of loss allowance	(15)	–	(15)
Balance at 31 December 2020	5,619	–	5,619

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assesses whether any of the other receivables are credit impaired.

The gross carrying amounts of credit impaired other receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, other receivables that are written off could still be subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Other receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk are represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

As there are only a few other receivables, the Group assessed the risk of loss of each other receivables individually based on past trend of payment.

The other receivables also consist of deposits paid for fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

The movements in the allowance for impairment loss during the financial year were:

	2020 RM'000	2019 RM'000
At beginning of year	3,101	1,726
Written off	(636)	–
Net remeasurement of loss allowance	(189)	1,375
At end of year	2,276	3,101

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks, customers and payables as performance bonds, bid bonds, security deposits or in respect of guarantee for banking facilities granted to certain subsidiaries and associates.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk arising from financial guarantees amounted to RM156,863,000 (2019: RM227,086,000).

The financial guarantees are provided as credit enhancements to banks, customers and payables.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Financial guarantees (cont'd)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the debts individually using internal information available.

As at the end of the reporting period, the Company did not recognise any additional liability on financial guarantees.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group provides advances to associates. The Group monitors the ability of the associates to repay the advances on an individual basis. The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Group and the Company considers advances to associates or subsidiaries have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when an associate or subsidiary's financial position deteriorates significantly. The Group and the Company considers advances to an associate or subsidiary to be credit impaired when:

- The associate or the subsidiary is unlikely to repay its advance to the Company in full; or
- The associate or the subsidiary is continuously loss making and is having a deficit shareholders' fund.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for amount due from associates:

GROUP	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS ALLOWANCES RM'000	NET BALANCE RM'000
2020			
Low credit risk	20,820	–	20,820
Credit impaired	13,501	(13,501)	–
	34,321	(13,501)	20,820
2019			
Low credit risk	23,296	–	23,296
Credit impaired	11,105	(11,105)	–
	34,401	(11,105)	23,296

The following table provides information about the exposure to credit risk and ECLs for amount due from subsidiaries:

COMPANY	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS ALLOWANCES RM'000	NET BALANCE RM'000
2020			
Low credit risk	133,175	–	133,175
Credit impaired	48,088	(48,088)	–
	181,263	(48,088)	133,175
2019			
Low credit risk	149,643	–	149,643
Credit impaired	21,573	(21,573)	–
	171,216	(21,573)	149,643

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movement in the allowance for impairment in respect of amount due from associates or subsidiaries during the year is as follows:

GROUP	LIFETIME ECL RM'000
Balance at 1 January 2019	–
Net remeasurement of loss allowance	11,105
Balance at 1 January 2020	11,105
Net remeasurement of loss allowance	2,396
Balance at 31 December 2020	13,501

COMPANY	RM'000
Balance at 1 January 2019	–
Net remeasurement of loss allowance	21,573
Balance at 1 January 2020	21,573
Net remeasurement of loss allowance	26,515
Balance at 31 December 2020	48,088

32.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, refundable deposits and loans and borrowings. The Company's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash terms included in the maturity analysis occur significantly earlier or at significant different amounts.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS RM'000	UNDER 1 YEAR RM'000	1-5 YEARS RM'000	MORE THAN 5 YEARS RM'000
2020						
Non-derivative financial liabilities						
Trade and other payables	167,018	–	167,018	167,018	–	–
Refundable deposits	2,204	–	2,204	–	2,204	–
Revolving credits	129,500	3.44% - 4.16%	130,583	130,583	–	–
Lease liabilities	46,260	4.05% - 5.38%	75,437	4,668	15,004	55,765
Term loans	302,104	3.47% - 7.94%	316,704	98,186	213,844	4,674
Bankers' acceptance	7,652	3.19% - 3.28%	7,687	7,687	–	–
EMTN	161,264	7.00%	172,552	172,552	–	–
Invoice financing	4,385	4.45% - 4.76%	4,390	4,390	–	–
Green SRI Sukuk Wakalah	240,000	5.04% - 6.35%	352,314	23,202	105,104	224,008
	1,060,387		1,228,889	608,286	336,156	284,447
Derivative financial liabilities						
Cross currency interest rate swap (gross settled):						
Outflow	(2,814)		(204,394)	–	(204,394)	–
Inflow	–		201,580	–	201,580	–
	(2,814)		(2,814)	–	(2,814)	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

GROUP	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS RM'000	UNDER 1 YEAR RM'000	1-5 YEARS RM'000	MORE THAN 5 YEARS RM'000
2019						
Non-derivative financial liabilities						
Trade and other payables	177,873	–	177,873	177,873	–	–
Refundable deposits	2,201	–	2,201	–	2,201	–
Revolving credits	130,500	4.82% - 5.53%	130,817	130,817	–	–
Lease liabilities	50,904	4.05% - 5.68%	82,234	7,561	15,056	59,617
Term loans	312,315	5.78% - 10.94%	330,756	306,741	18,325	5,690
Bankers' acceptance	7,357	3.44% - 3.96%	7,396	7,396	–	–
EMTN	163,547	7.00%	174,995	174,995	–	–
Invoice financing	18,646	4.74% - 5.15%	18,747	18,747	–	–
Green SRI Sukuk Wakalah	245,000	4.96% - 6.35%	370,999	18,685	103,223	249,091
	1,108,343		1,296,018	842,815	138,805	314,398
Derivative financial liabilities						
Cross currency interest rate swap (gross settled):						
Outflow	(511)		(205,560)	(205,560)	–	–
Inflow	–		205,049	205,049	–	–
	(511)		(511)	(511)	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

COMPANY	CARRYING AMOUNT RM'000	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS RM'000	UNDER 1 YEAR RM'000	1-5 YEARS RM'000	MORE THAN 5 YEARS RM'000
2020						
Non-derivative financial liabilities						
Trade and other payables	10,892	–	10,892	10,892	–	–
Lease liabilities	108	4.38%	109	109	–	–
Term loan	80,632	7.50% - 7.88%	83,681	83,681	–	–
Financial guarantee	–	–	156,863	52,614	104,249	–
	91,632		251,545	147,296	104,249	–
2019						
Non-derivative financial liabilities						
Trade and other payables	14,176	–	14,176	14,176	–	–
Lease liabilities	264	4.38%	437	164	273	–
Term loan	81,774	7.50% - 10.94%	85,088	85,088	–	–
Financial guarantee	–	–	227,086	107,677	119,409	–
	96,214		326,787	207,105	119,682	–

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

32.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("USD") and Indian Rupee ("INR"). The foreign currencies in which these transactions are denominated are mainly Indian Rupee ("INR") and United State Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

As at the reporting date, the Group entered into cross currency interest rate contract to manage the foreign currency exposures arising from the Group's term loan denominated in currencies other than the functional currency of the Group entities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.1 Currency risk (cont'd)

Exposure of foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

GROUP	INR RM'000	DENOMINATED IN USD RM'000	TWD RM'000	TOTAL RM'000
2020				
Balances recognised in the statements of financial position				
Cash and bank balances	410	–	3,225	3,635
Trade and other receivables	–	26	–	26
Borrowings	–	(282,212)	–	(282,212)
	410	(282,186)	3,225	(278,551)
Forecast transactions				
Cross currency interest rate swaps	–	204,394	–	204,394
Net exposure	410	(77,792)	3,225	(74,157)
Company				
2020				
Balance recognised in the statement of financial position				
Borrowing	–	(80,632)	–	(80,632)

GROUP	INR RM'000	DENOMINATED IN USD RM'000	TOTAL RM'000
2019			
Balances recognised in the statements of financial position			
Cash and bank balances	410	–	410
Trade and other receivables	–	26	26
Trade and other payables	–	(614)	(614)
Borrowings	–	(286,209)	(286,209)
	410	(286,797)	(286,387)
Forecast transactions			
Cross currency interest rate swaps	–	205,560	205,560
Net exposure	410	(81,237)	(80,827)
Company			
2019			
Balance recognised in the statement of financial position			
Borrowing	–	(81,774)	(81,774)

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.1 Currency risk (cont'd)

Exposure of foreign currency risk (cont'd)

The Group has overseas operations and is exposed to currency risk as a result of the foreign currency transactions entered into by companies in currencies other than their functional currencies.

Currency risk sensitivity analysis

A 3% (2019: 3%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	GROUP		COMPANY	
PROFIT OR LOSS	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
INR	(9)	(9)	–	–
USD	1,774	1,852	1,838	1,864
TWD	(74)	–	–	–

A 3% (2019: 3%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment in financial assets, short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company manages its interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Amount due from associates	19,110	22,291	–	–
Euro Medium Term Notes ("EMTN")	(161,264)	(163,547)	–	–
Green SRI Sukuk Wakalah	(240,000)	(245,000)	–	–
Term loan	(80,632)	(81,774)	(80,632)	(81,774)
Deposits with financial institutions	205,764	208,535	–	–
	(257,022)	(259,495)	(80,632)	(81,774)
Floating rate instruments				
Deposits with financial institutions	65,025	53,335	94	91
Term loans	(221,472)	(230,541)	–	–
Revolving credits	(129,500)	(130,500)	–	–
Bankers' acceptance	(7,652)	(7,357)	–	–
Invoice financing	(4,385)	(18,646)	–	–
	(297,984)	(333,709)	94	91

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by amounts shown below. The analysis assumes that all other variables, in particular foreign currency rate, remained constant.

	PROFIT OR LOSS	
	100 BP INCREASE RM'000	100 BP DECREASE RM'000
Group		
2020		
Floating rate instruments	(2,265)	2,265
Cross currency interest rate swap	1,553	(1,553)
Cash flow sensitivity (net)	(712)	712
2019		
Floating rate instruments	(2,536)	2,536
Cross currency interest rate swap	1,562	(1,562)
Cash flow sensitivity (net)	(974)	974

32.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2020										
Financial assets										
Other investments	–	936	–	936	–	–	–	–	936	936
Financial liabilities										
Refundable deposits	–	–	–	–	–	–	2,204	2,204	2,204	2,204
Term loans	–	–	–	–	–	–	302,104	302,104	302,104	302,104
Green SRI Sukuk Wakalah	–	–	–	–	–	–	275,069	275,069	275,069	240,000
Cross currency interest rate swaps	–	2,814	–	2,814	–	–	–	–	2,814	2,814
	–	2,814	–	2,814	–	–	579,377	579,377	582,191	547,122
Company										
2020										
Term loan	–	–	–	–	–	–	80,632	80,632	80,632	80,632
Group										
2019										
Financial assets										
Other investments	–	936	–	936	–	–	–	–	936	936
Financial liabilities										
Refundable deposits	–	–	–	–	–	–	2,080	2,080	2,080	2,201
Term loans	–	–	–	–	–	–	312,315	312,315	312,315	312,315
Green SRI Sukuk Wakalah	–	–	–	–	–	–	280,074	280,074	280,074	245,000
Cross currency interest rate swaps	–	511	–	511	–	–	–	–	511	511
	–	511	–	511	–	–	594,469	594,469	594,980	560,027
Company										
2019										
Term loan	–	–	–	–	–	–	81,774	81,774	81,774	81,774

32. FINANCIAL INSTRUMENTS (cont'd)

32.7 Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

The fair value of other investments are obtained from observable market prices in active markets, including recent market transactions.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

TYPE	DESCRIPTION OF VALUATION TECHNIQUE AND INPUTS USED	DISCOUNT RATE
2020		
Refundable deposits, term loans	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	5.04% - 6.35%
2019		
Refundable deposits, finance lease liabilities, term loans	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	4.96% - 6.35%

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (cont'd)

32.7 Fair value information (cont'd)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

32.8 Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

GROUP	CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION RM'000	RELATED FINANCIAL INSTRUMENTS THAT ARE NOT OFFSET RM'000	NET AMOUNT RM'000
2020			
Derivative financial liabilities			
Cross currency interest rate swap held for trading at FVTPL	2,814	–	2,814
2019			
Derivative financial liabilities			
Cross currency interest rate swap held for trading at FVTPL	511	–	511

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, 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 parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provide key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates and key management personnel.

Significant related party transactions

The related party transactions of the Group and the Company, other than key management personnel compensation (see Note 27), are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subsidiaries				
Corporate guarantee fee	–	–	3,118	4,355
Associates				
Interest income	2,396	2,592	–	–
Dividend income	–	366	–	–
Secondment fee	519	528	–	–
Project management fee	1,475	2,528	–	–
Corporate guarantee fee	300	299	–	–
Advances to associates	48	2,565	–	–
Advances to subsidiaries	–	–	(11,278)	(81,812)
Repayment to a subsidiary	–	–	(3,038)	(1,067)
Repayment to an associate	–	(2,042)	–	–

Balances with related parties at the reporting date are disclosed in Note 15 and Note 19 to the financial statements.

These transactions have been entered into a negotiated term basis.

35. SUBSEQUENT EVENTS

On 24 March 2021, the Company proposes to undertake a renounceable rights issue of up to 668,885,366 new ordinary shares on the basis of 1 renounceable rights issue for every 1 existing ordinary share held, together with up to 668,885,366 free detachable warrants on the basis of 1 Warrant for every 1 renounceable rights issue subscribed for at an issue price of RM0.22 for every renounceable rights issue.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 94 to 198 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 then ended.

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

Dato' Yusli bin Mohamed Yusoff
Director

James Wong Tet Foh
Director

Petaling Jaya

Date: 16 April 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Lee Eng Leong**, the Director primarily responsible for the financial management of Mudajaya Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 198 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 abovenamed Lee Eng Leong, NRIC: 670923-10-6181, MIA CA 7313, at Petaling Jaya in the state of Selangor Darul Ehsan on 16 April 2021.

Lee Eng Leong

Before me:

Lawrence Low
(No. B484)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUDAJAYA GROUP BERHAD

(Registration No. 200301003119 (605539-H)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mudajaya 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 198.

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 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue, profit recognition and provisions on long-term construction contracts

(Refer to Note 2(q) - Significant accounting policy: Revenue and other income, Note 2(p) - Significant accounting policy: Provision and Note 23 - Revenue and Note 24 - Cost of sales).

The key audit matter

The Group has significant long term construction contracts. The recognition of revenue and profit on these contracts is based on input method (on the basis of the entity's efforts or inputs to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation).

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUDAJAYA GROUP BERHAD

(Registration No. 200301003119 (605539-H)) (Incorporated in Malaysia)

The key audit matter (cont'd)

Revenue and profit recognition on long term construction contracts is a key audit matter because of the judgement and estimates exercised by the management on the following areas:

- assessment of performance obligation
- revenue recognition arising from variations to the original contracts
- assessment of progress towards complete satisfaction of the performance obligation
- assessment of contract costs
- appropriateness of provision for foreseeable losses and liquidated damages

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- evaluated the design and implementation of key controls over the review and approval of forecast costs and actual contract cost for respective projects;
- inspected the approved sales contract, approved variation order, correspondence and meeting minutes with customers;
- Identified and assessed the agreed and variation works to be provided to customers, payment terms and expected consideration to be received;
- Checked the status of the contracts by enquiring the project team;
- Challenged the Group on the preparation of forecast budget and appropriateness of assumptions used based on historical performance in the Group and industry knowledge, including obtained and assessed information provided by management to determine whether the forecast assumptions are consistent with the terms of the relevant contracts. These assumptions normally apply to the computation of variations, claims and compensation events included in the forecast;
- evaluated the management's updated budget costs and forecast costs to complete by assessing the basis of their calculation, which included supplier quotes, forecast estimates and contracts awarded to suppliers;
- recalculated the revenue using approved contract sum, actual costs incurred to date that reflect the progress towards completion of the agreed works to customer and latest revised budgets;
- inspected the actual costs incurred to the corresponding supporting documents;
- inspected manual journal entries related to cost of sales and determine whether there are any unusual, unauthorised or unsupported entries made;
- compared the forecast costs of individual contract against the corresponding income to determine whether provision for foreseeable losses, if any, has been adequately made for loss making contracts; and
- assessed the exposures to liquidated damages for late delivery of the construction works by making enquiries and read correspondences and minutes of meetings with contract customers on the expected delivery date and the ability of the Group to deliver on time based on historical progress of the construction works.

Valuation of properties held for sale and properties under development

(Refer to Note 2(i) – Significant accounting policy. Inventories, 2(m) – Significant accounting policy: Impairment and Note 12 – Inventories and Note 13 – Other current assets)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUDAJAYA GROUP BERHAD

(Registration No. 200301003119 (605539-H)) (Incorporated in Malaysia)

The key audit matters

The Group recognised RM152.4 million of contra properties and RM98.7 million of properties held for sale and RM25 million of properties under development as at the end of the current financial year.

This is a key audit matter due to weak property market sentiment arising from property overhang spurred by unaffordability which has affected the overall property development industry. Accordingly, there is a risk that the change in realisable value or selling price of the properties could result in material impairment to the carrying amounts of these properties.

How the matter was address in our audit

We performed the following audit procedures, among others:
- Inquired management regarding the process adopted to identify the potential impairment;
- Considered the appropriateness of the Group's methods of determination of recoverable amount based on our knowledge of the current market outlook for property development industry;
- Evaluated key assumptions used in the estimation of recoverable amounts; and
- Evaluated the appropriateness of the method, data and key assumptions used by management.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditor's' report.

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 Directors' Report and Statement on Risk Management and Internal Control but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, 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 MUDAJAYA GROUP BERHAD

(Registration No. 200301003119 (605539-H)) (Incorporated in Malaysia)

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 controls 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 internal control of the Group and of the Company.

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

- 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 gives a true and fair view.

- 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.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUDAJAYA GROUP BERHAD

(Registration No. 200301003119 (605539-H)) (Incorporated in Malaysia)

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 8 to the financial statements.

OTHER MATTER

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tai Yoon Foo
Approval Number: 02948/05/2022 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 16 April 2021

PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2020

	LOCATION/ADDRESS	YEAR OF ACQUISITION	TENURE	YEAR LEASE EXPIRING	AGE OF BUILDING	LAND AREA/ BUILT UP AREA (sq.m)	DESCRIPTION/ EXISTING USE	NET BOOK VALUE RM'000
1	No. 12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	2008	Freehold	N/A	9	4,269	Commercial land and office building	57,232
2	Lot No. 31 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2004	Freehold	N/A	N/A	20,234	Agriculture land/ Casting yard	1,650
3	Lot No. 32 & 33 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	1998	Freehold	N/A	24	40,486/ 2,480	Industrial land and building/ Casting yard	4,058
4	Lot 2472 Mukim Ijok Jalan Bukit Badang Daerah Kuala Selangor	2012	Freehold	N/A	N/A	20,234	Agriculture land/Storage	3,864
5	Bd107-109, Bd207-209, Bd313-319 Bd414-419, Bm413 Batu Kawah New Township Jalan Batu Kawah 93250 Kuching Sarawak	2007	Leasehold	2058	13	12,012	Office building and store room	1,650

ANALYSIS OF SHAREHOLDINGS

AS AT 6 MAY 2021

Total Number of Issued Shares	: 648,862,166 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHAREHOLDINGS
Less than 100	888	4.99	33,395	0.01
100 - 1,000	8,840	49.68	2,986,093	0.46
1,001 - 10,000	5,170	29.06	21,987,250	3.39
10,001 - 100,000	2,450	13.77	81,404,739	12.54
100,001 - 32,443,107 (less than 5% of issued shares)	441	2.48	282,358,356	43.52
32,443,108 (5%) and above	3	0.02	260,092,333	40.08
Total	**17,792**	**100.00**	**648,862,166**	**100.00**

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT		INDIRECT	
NAME OF SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD	%	NUMBER OF SHARES HELD	%
Yakin Setiamas Sdn Bhd	162,325,333	25.02	–	–
Ample Full Profits Limited	–	–	(1)162,325,333	25.02
Jovial Day Holdings Limited	–	–	(2)162,325,333	25.02
Cheerful Talent Holdings Limited	–	–	(3)162,325,333	25.02
Kuo Jen-Hao	–	–	(4)162,325,333	25.02
Harrison Assets Limited	58,987,000	9.09	–	–
Kwong Chi Shing, Savio	–	–	(5)58,987,000	9.09
Urusharta Jamaah Sdn Bhd	38,780,000	5.98	–	–
Lee Seng Huang	3,392,705	0.52	(6)40,409,341	6.23
Lee Ming Tee	2,361,407	0.36	(7)38,047,934	5.86
Fairfax Asia Limited	–	–	(8)41,557,200	6.40
Fairfax (Barbados) International Corp.	–	–	(9)48,702,500	7.51
FFHL Group Ltd	–	–	(10)78,702,500	12.13
Fairfax Financial Holdings Ltd	–	–	(11)78,702,500	12.13
Odyssey Reinsurance Company	30,000,000	4.62	–	–
Odyssey Re Holdings Corporation	–	–	(12)76,642,500	11.81
Odyssey US Holdings Inc.	–	–	(13)76,642,500	11.81
Fairfax (U.S.) Inc.	–	–	(14)76,642,500	11.81

ANALYSIS OF SHAREHOLDINGS

AS AT 6 MAY 2021

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS (cont'd)

Notes:

(1) Deemed interest pursuant to Section 8 of the Companies Act 2016 ***("the Act")*** *by virtue of its shareholding in Yakin Setiamas Sdn Bhd.*
(2) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Ample Full Profits Limited.
(3) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Jovial Day Holdings Limited.
(4) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Cheerful Talent Holdings Limited.
(5) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Harrison Assets Limited.
(6) Deemed interest pursuant to Section 8 of the Act by virtue of his family relationship with Mr Lee Ming Tee and his shareholding in Klang Enterprise Sdn Bhd.
(7) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.
(8) Deemed interest pursuant to Section 8 of the Act of its collective shareholdings in First Capital Insurance Limited, Falcon Insurance Company (Hong Kong) Ltd and The Pacific Insurance Berhad.
(9) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in Wentworth Insurance Company Ltd and Fairfax Asia Limited.
(10) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in Fairfax (Barbados) International Corp and Fairfax (U.S.) Inc.
(11) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in FFHL Group Ltd.
(12) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Odyssey Reinsurance Company.
(13) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Odyssey Re Holdings Corporation.
(14) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Odyssey US Holdings Inc.

DIRECTORS' SHAREHOLDINGS IN MUDAJAYA GROUP BERHAD BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

NAME OF DIRECTORS	DIRECTOR NUMBER OF SHARES HELD	%	INDIRECT NUMBER OF SHARES HELD	%
Dato' Yusli Bin Mohamed Yusoff	–	–	–	–
Ir. James Wong Tet Foh	–	–	–	–
Lee Eng Leong	–	–	–	–
Chew Hoy Ping	–	–	–	–
Dato' Amin Rafie Bin Othman	–	–	–	–
Dato' Wong Peng Chong (*Resigned on 13 May 2021*)	–	–	–	–

ANALYSIS OF SHAREHOLDINGS
AS AT 6 MAY 2021

30 LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD	%
1	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT-SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR YAKIN SETIAMAS SDN. BHD.	162,325,333	25.02
2	ALLIANCEGROUP NOMINEES (ASING) SDN BHD SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR HARRISON ASSETS LIMITED	58,987,000	9.09
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	38,780,000	5.98
4	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ODYSSEY REINSURANCE COMPANY	30,000,000	4.62
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR WENTWORTH INSURANCE COMPANY LIMITED, LABUAN BRANCH	26,572,200	4.10
6	NAUTICAL INVESTMENTS LIMITED	21,347,752	3.29
7	MAGIC UNICORN LIMITED	14,141,913	2.18
8	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR WENTWORTH INSURANCE COMPANY LTD.	7,145,300	1.10
9	THE PACIFIC INSURANCE BERHAD	7,060,000	1.09
10	ALLIANCEGROUP NOMINEES (ASING) SDN BHD SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR NG QING HAI	7,000,000	1.08
11	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR FALCON INSURANCE COMPANY (HONG KONG) LIMITED (INVESTMENT AC)	6,325,000	0.97
12	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE AG (HK-CLT-T-OS PR)	3,392,705	0.52
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	2,778,150	0.43
14	WONG YOON CHEE	2,568,600	0.40
15	CHIANG SIEW ENG @ LE YU AK EE	2,300,000	0.35
16	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR (MARGIN) PARAMJIT SINGH GILL	2,224,286	0.34

ANALYSIS OF SHAREHOLDINGS
AS AT 6 MAY 2021

30 LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,197,700	0.34
18	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHA THOONG HAN	2,177,700	0.34
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MEE KIAN	2,170,065	0.33
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN	2,170,000	0.33
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ANTO A/L S F JOSEPH (PB)	2,070,906	0.32
22	LEE ENG KEONG	1,955,000	0.30
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD JINCAN SDN BHD	1,920,000	0.30
24	TOO WEE LING	1,867,400	0.29
25	SUBRAMANIAM PILLAI A/L SANKARAN PILLAI	1,821,600	0.28
26	KLANG ENTERPRISE SENDIRIAN BERHAD	1,818,320	0.28
27	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	1,800,000	0.28
28	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,783,947	0.27
29	TAI BOON CHUN	1,737,800	0.27
30	DENNIS KOH SENG HUAT	1,675,000	0.26

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting **("AGM")** of Mudajaya Group Berhad **("the Company")** will be conducted fully virtual from the broadcast venue at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia **("Broadcast Venue")** on Tuesday, 29 June 2021 at 2.30 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect the following Directors who retire by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (a) Dato' Yusli Bin Mohamed Yusoff *(Ordinary Resolution 1)*
   (b) Ir. James Wong Tet Foh *(Ordinary Resolution 2)*

3. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company for the period from 30 June 2021 until the conclusion of the next AGM of the Company to be held in 2022. *(Ordinary Resolution 3)*

4. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

AS SPECIAL BUSINESS

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

5. **ORDINARY RESOLUTION:**
   Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT subject always to the Companies Act 2016 **("the Act")**, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities")**, the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act:

   (a) to issue and allot new shares in the Company; and/or
   (b) to grant rights to subscribe for shares in the Company; and/or
   (c) to convert any security into shares in the Company; and/or
   (d) to allot shares under an agreement or option or offer,

   at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of new shares issued pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares of the Company for the time being (excluding treasury shares) **("20% General Mandate")** and THAT such approval of the 20% General Mandate shall continue to be in force until 31 December 2021.

NOTICE OF
18TH ANNUAL GENERAL MEETING

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit provided that the aggregate number of such new shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding treasury shares) **("10% General Mandate")**.

THAT such approval of the 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company held after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

AND THAT the Directors be further authorised to implement, finalise, complete and take all necessary steps and to do all acts, deeds and things as may be necessary or expedient (including executing such documents as may be required) in order to give full effect to the 20% General Mandate and 10% General Mandate, with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities." *(Ordinary Resolution 5)*

6. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the latest audited retained profits of the Company.

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:

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

NOTICE OF 18TH ANNUAL GENERAL MEETING

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividends and/or subsequently cancel them or such other manner as may be allowed under the Act and the Main Market Listing Requirements of Bursa Securities.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 6)*

7. To transact any other business of which due notice shall have been received.

By Order of the Board

LEE SUAN CHOO (MAICSA 7017562) (SSM PC No. 202008003634)
CHEAH WAI YUEN (MAICSA 7025907) (SSM PC No. 202008002515)
Company Secretaries

Petaling Jaya
31 May 2021

NOTES:
1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities **("RPV")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.
3. A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 **("SICDA")**, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

NOTICE OF 18TH ANNUAL GENERAL MEETING

6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Portal at https://www.boardroomlimited.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **21 June 2021** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM shall be put to vote by way of poll.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

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

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Audited Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2. Ordinary Resolutions 1 and 2 – Re-Election of Retiring Directors pursuant to Clause 106 of the Company's Constitution

Pursuant to Clause 106 of the Company's Constitution, one-third or the number nearest to one-third of the Directors of the Company shall retire from office by rotation annually and subject to re-election at the AGM. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Dato' Yusli Bin Mohamed Yusoff and Ir. James Wong Tet Foh are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Combined Nomination and Remuneration Committee **("CNRC")** has assessed the performance and contribution of these retiring Directors and recommended them for re-election as Directors of the Company. Their profiles are set out in the Directors' Profile section of this Annual Report. The Board has endorsed the CNRC's recommendation subject to the shareholders' approval at this AGM.

NOTICE OF 18TH ANNUAL GENERAL MEETING

3. Ordinary Resolution 3 – Payment of Directors' Fees and Benefits

Section 230(1) of the Act provides amongst others, that the fees and benefits **("Remuneration")** payable to the Directors of a listed company shall be approved by the shareholders at a general meeting. The Remuneration payable to the Non-Executive Directors of the Company comprises Directors' fees, fixed allowance and meeting attendance allowance. The other benefits accorded to the Chairman of the Board are company car and driver, which were also provided to him in the previous year.

In view of the challenging time due to the COVID-19 pandemic, the Board has on 24 February 2021, resolved and agreed to the reduction of the fixed allowance payable to the Chairman of the Board from RM100,000 to RM60,000 per annum. The fixed allowance payable to the Chairman of Audit Committee has also been reduced from RM55,000 to RM40,000 per annum. In addition, the meeting attendance allowance has been reduced from RM2,000 to RM1,000 per meeting.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 30 June 2021 until the conclusion of the next AGM of the Company to be held in 2022, in accordance with the revised remuneration structure as set out below:

	Chairman of the Board	Chairman of Audit Committee	Chairman of other Board Committees	Other Non-Executive Directors
Directors' Fees *(payable on monthly basis)*	RM200,000 per annum	RM80,000 per annum	RM80,000 per annum	RM80,000 per annum
Fixed Allowance *(payable on quarterly basis)*	RM60,000 per annum	RM40,000 per annum	RM6,000 per annum	–
Meeting Allowance for attendance of Board and Board Committee Meetings, and general meetings *(payable after each meeting)*	RM1,000 per meeting	RM1,000 per meeting	RM1,000 per meeting	RM1,000 per meeting
Other Benefits	Company car and driver	–	–	–

4. Ordinary Resolution 4 – Re-Appointment of Auditors

The Audit Committee has considered the re-appointment of Messrs KPMG PLT as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities. Both the Audit Committee and the Board have recommended the re-appointment of Messrs KPMG PLT as Auditors of the Company.

5. Ordinary Resolution 5 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

Pursuant to the letter dated 16 April 2020 issued by Bursa Securities, listed issuers are allowed to seek a higher limit of general mandate to issue shares of not more than 20% of the total number of issued shares (excluding treasury shares) **("20% General Mandate")** to facilitate capital raising in a timely and cost effective manner during this challenging time due to the COVID-19 pandemic. The 20% General Mandate may be utilised by listed issuers to issue shares until 31 December 2021.

With effect from 1 January 2022, the 20% General Mandate will be reinstated to a 10% limit **("10% General Mandate")** pursuant to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities. The authority for the 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTICE OF 18TH ANNUAL GENERAL MEETING

Having considered the current economic climate and future financial needs of the Group to ensure the long-term sustainability and interest of the Company and its shareholders, the Board would like to seek approval for this general mandate from its shareholders at the AGM. This Resolution, if passed, will empower the Directors to issue and allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company and/or allot shares under an agreement or option or offer, at any time at such price, upon such terms and conditions, for such purposes and to such person(s) as they consider would be in the interest of the Company.

The Board is of the view that the general mandate would be in the best interest of the Company and its shareholders as it would allow the Company to raise funds efficiently and expeditiously to meet its funding requirements, should the Company be required to do so. It will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding current and future investment(s), project(s), acquisition(s) and/or working capital. The general mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of shares.

6. Ordinary Resolution 6 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 31 May 2021.

STATEMENT ACCOMPANYING NOTICE OF 18TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking for election as a Director at the 18th AGM of the Company.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

The proposed Ordinary Resolution 5 on the general mandate for issue of securities is a renewal mandate.

Pursuant to the general mandate obtained from the shareholders at the last AGM held on 7 August 2020, the Company had via a private placement exercise, issued 58,987,000 new ordinary shares at RM0.2388 per share to a third party investor for a total cash consideration of RM14.09 million. Details of the utilisation of proceeds raised from the private placement exercise are set out in the Additional Compliance Information section of this Annual Report.

MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)
Incorporated in Malaysia

PROXY FORM

No. of Shares held	
CDS Account No.	

I/We ________________ NRIC No./Company No. ________________ Tel No. ________________

of ________________

being a member of the Company, hereby appoint ________________ NRIC No. ________________

Email: ________________ of ________________

and/or ________________ NRIC No. ________________ Email: ________________

of ________________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 18th Annual General Meeting **("AGM")** of the Company to be conducted fully virtual from the Broadcast Venue at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Tuesday, 29 June 2021** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Dato' Yusli Bin Mohamed Yusoff		
Resolution 2	Re-election of Ir. James Wong Tet Foh		
Resolution 3	Payment of Directors' fees and benefits		
Resolution 4	Re-appointment of KPMG PLT as Auditors		
Resolution 5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 6	Proposed renewal of authority for the purchase by the Company of its own shares		

Dated this ________ day of ________________ 2021

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:

	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

Common Seal
(for Corporate Members)

____
Signature of Member

NOTES:

1. *The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities **("RPV")** which are available on Boardroom Smart Investor Portal at https://www.boardroomlimited.my. Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.*
3. *A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*
4. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 **("SICDA")**, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*
6. *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*
8. *The instrument appointing a proxy must be deposited not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Portal at https://www.boardroomlimited.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **21 June 2021** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.*

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 31 May 2021.

FOLD THIS FLAP TO SEAL

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MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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