MUDAJAYA GROUP BERHAD
200301003119 (605539-H)

ADVANCING THE
FUTURE TOGETHER

Annual Report 2021

AT A
GLANCE

TOTAL REVENUE OF **RM288.7 MILLION**

OVER **50 YEARS** OF EXPERIENCE

OPERATING PROFIT **RM49.4 MILLION**

TOTAL ASSET **RM1.0 BILLION**

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

ACHIEVED 4-STAR IN THE CIDB SCORE ASSESSMENT

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

24 MAY 2021

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2021

25 AUGUST 2021

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2021

29 NOVEMBER 2021

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2021

25 FEBRUARY 2022

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

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.

19TH ANNUAL GENERAL MEETING

DATE: 15 JUNE 2022
TIME: 2.30 p.m.
BROADCAST VENUE: Level 11, Menara Mudajaya

29 APRIL 2022

Notice of **19th Annual General Meeting** and issuance of **Annual Report 2021**

WHAT'S INSIDE

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The online version of Mudajaya Group Berhad's ("**Mudajaya**") Annual Report 2021 is available from our website. Go to **https://www.mudajaya.com** or scan the QR code with your smartphone.

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 2021.

REPORTING SCOPE AND BOUNDARIES

OUR 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.

OUR 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 CRITICAL STAKEHOLDERS TO MEET THE CURRENT AND FUTURE CHALLENGES OF OUR BUSINESS, CREATING VALUE.

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. Being open, transparent and 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

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

(CONTINUED)

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.

Since year 2017 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 2021 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") 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 period 1 January 2021 to 31 December 2021. 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 fourth 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 materiality assessment and prioritisation exercise on sustainability issues in year 2018 and 2021 using interviews and surveys of all key stakeholder groups. The issues ranged from material issues on the company'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 Management 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 outlined below:

MUDAJAYA GROUP BERHAD
200301003119 (605539-H)

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 are still improving on the quality of our reporting.

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.

COMPARABILITY

As with our previous Integrated Reports, wherever possible we have also included data for a minimum of three (3) 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.

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.

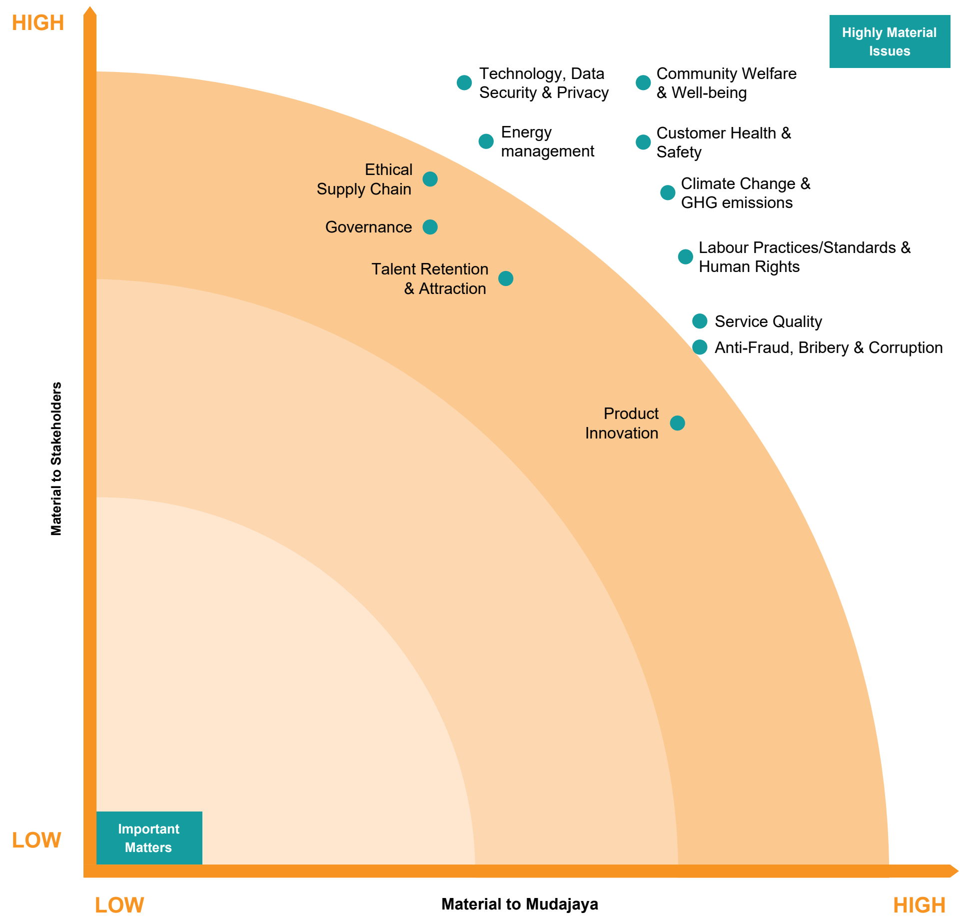
STAKEHOLDERS	MODE OF ENGAGEMENT & FREQUENCY
CUSTOMERS & PARTNERS	• Meetings (Quarterly)
EMPLOYEES	• Townhalls (Quarterly); • Management-Staff Reviews (Monthly); • Appraisals (Yearly); • Internal Employee Gatherings/ Events (Monthly); and • External Focus Group Discussion (Yearly)
REGULATORS & POLICY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

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

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 year 2021, we continue to assess our material ESG topics via engagements and surveys to help us align our sustainability journey and report on key issues that can significantly affect our stakeholders and business growth.



STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

At the conclusion of our materiality assessment process, all the 8 material topics identified previously remain unchanged, however, there are 4 new topics that have added in the materiality matrix, namely:

i) Anti-Fraud, Bribery & Corruption
ii) Energy Management
iii) Climate Change & GHG emissions
iv) Labour Practices/Standards & Human Rights

ECONOMIC

- **Anti-Fraud, Bribery & Corruption**
- **Ethical supply chain**
- **Governance**
- **Service Quality**
- **Product Innovation**

ENVIRONMENTAL

- **Climate Change & GHG emissions**
- **Energy Management**

SOCIAL

- **Labour Practices/ Standards & Human Rights**
- **Technology, Data Security & Privacy**
- **Community Welfare & Well-Being**
- **Customer Health & Safety**
- **Talent Retention & Attraction**

Identified 12 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.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
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 businesses.	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 maintain the latest edition of quality management standards - QMS ISO 9001: 2015. • To ensure compliance with approved standard operating procedures ("SOPs") via verification by independent Certification Body.
3. GOVERNANCE (Regulatory Compliance; Industry Thought Leadership) **Capital Input:** 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 System ("ABMS") requirement under ISO 37001: 2016.

STAKEHOLDER ENGAGEMENT & MATERIALITY

(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
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.
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.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
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.
7. CUSTOMER HEALTH & SAFETY **Capital Inputs:** Intellectual Capital Human Capital	Systematic efforts in ensuring that its products and services are safe for consumers reinforce the company'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.

STAKEHOLDER ENGAGEMENT & MATERIALITY

(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
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** • 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.
9. ANTI-FRAUD, BRIBERY & CORRUPTION **Capital Input:** 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** Promote integrity within the Group.	To ensure compliance with the Anti-Bribery Management System ("ABMS") requirement under ISO 37001: 2016.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
10. ENERGY MANAGEMENT **Capital Input:** Natural Capital	To establish energy management programme in the organisation to achieve reduction in energy consumption, and access to affordable and sustainable energy source.	**Risk** Disruptions to business operations and higher operational costs from non-renewable energy. **Opportunity** Leverage efficient energy management system to mitigate disruptions to business operations.	• Increase the use of renewable energy. • To achieve energy savings from the energy-saving initiatives.
11. CLIMATE CHANGE & GHG EMISSIONS **Capital Input:** Natural Capital	Continuous effect in the reduction of CO_2 emissions in our business operations and it is our commitment to the climate-related effects such as rising temperatures and seawater level.	**Risk** Failure to anticipate climate-related risk will lead to the disaster, such as flash flood which affect the business operation and well-being of the employees. **Opportunity** Increase in capital availability as most investors favor low-emission producers.	Promote national carbon reduction targets and policies through various technological implementation and initiatives such as conservation and carbon offset programme.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
12. LABOUR PRACTICES/ STANDARDS & HUMAN RIGHTS **Capital Inputs:** Human capital Social capital	We recognise that our employees are our greatest assets and this is our responsibility to safeguard our employees' rights to a safe and healthy workplace.	**Risk** Regulatory fines with financial and reputational impacts. **Opportunity** Support international labour and human rights principles.	• Recognise the 8 core conventions under International Labour Law. • Comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). • Launch and implement safety and health programme. • Adopt industry good practices across our project sites.

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 12 material topics which the Group will focus on in the long run.

MATERIAL TOPICS	CURRENT ENABLERS
Anti-Fraud, Bribery & Corruption	• Anti-Bribery Management System ("ABMS") requirement under ISO 37001: 2016
Energy Management	• Sustainable and renewable energy
Climate Change & GHG emissions	• Green technology in construction • Pre-fabrication technologies/IBS • Efficient concrete usage for building components
Labour Practices/Standards & Human Rights	• Safe, hygienic and clean accommodation for our workers • Compliance with the rules and regulations for working hours and minimum wages
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 over **RM 100 million** **1 TOWNSHIP & 4 POWER PLANTS**	**ASSETS MANAGEMENT** Diversify specific assets which are able to deliver more stable income
FINANCIAL	Total assets of **RM 1.0 billion** **RM 294.2 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	More than **600** total number of contract and permanent employees **106 TRAINING PROGRAMMES** with a total of **521 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 internally 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
(CONTINUED)

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


POWER


PROPERTY DEVELOPMENT


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 2021

- Unlocking Asset Values
- Sustaining Group Performance
- Diversifying Key Assets
- 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
RM288.7 million of revenue reported with net cash generated from operation of **RM114.4 million** in FY2021

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 CO2 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")

The Office Club at Level 12, Menara Mudajaya

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.

The contemporary office suites offer wide and large glass windows with panoramic view of Mutiara Damansara's skyline

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

OEI SU LEE
(Appointed on 22 April 2022)
Independent Non-Executive Director

AUDIT COMMITTEE

Chew Hoy Ping (Chairman)
Dato' Amin Rafie Bin Othman
Oei Su Lee *(Appointed on 22 April 2022)*

COMBINED NOMINATION AND REMUNERATION COMMITTEE

Dato' Amin Rafie Bin Othman (Chairman)
Chew Hoy Ping
Oei Su Lee *(Appointed on 22 April 2022)*

RISK MANAGEMENT COMMITTEE

Chew Hoy Ping (Chairman)
Ir. James Wong Tet Foh
Oei Su Lee *(Appointed on 22 April 2022)*

INVESTMENT COMMITTEE

Oei Su Lee (Chairman)
(Appointed on 22 April 2022)
Dato' Amin Rafie Bin Othman
Chew Hoy Ping
Ir. James Wong Tet Foh
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
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

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

CHEW HOY PING
Senior Independent Non-Executive Director

LEE ENG LEONG
Non-Independent Executive Director

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

DATO' AMIN RAFIE BIN OTHMAN
Independent Non-Executive Director

OEI SU LEE
Independent Non-Executive Director

DIRECTORS' PROFILE

IR. JAMES WONG TET FOH

Group Managing Director & Chief Executive Officer
Malaysian | Male | Aged 61

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 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.

LEE ENG LEONG

Non-Independent Executive Director
Malaysian | Male | Aged 54

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 multinational companies in Asia.

On 2 December 2016, Mr. Lee was appointed as Executive Director of Mudajaya.

Mr. Lee serves as a member of the Investment 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.

DIRECTORS' PROFILE
(CONTINUED)

CHEW HOY PING
Senior Independent
Non-Executive Director
Malaysian | Male | Aged 64

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.

DATO' AMIN RAFIE BIN OTHMAN
Independent
Non-Executive Director
Malaysian | Male | Aged 62

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 as well as a member of the Audit Committee and Investment Committee.

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

DIRECTORS' PROFILE
(CONTINUED)

OEI SU LEE
Independent
Non-Executive Director
Malaysian | Female | Aged 52

Ms Oei Su Lee graduated with a Bachelor of Economics (Accounting and Finance) Degree from Macquarie University, Sydney Australia and a Master of Business Administration (MBA) from Macquarie Graduate School of Management, Sydney Australia. She is a member of the Institute of Chartered Accountants, Australia and New Zealand; a Certified Tax Advisor of the Institute of Taxation of Australia; an associate member of the Financial Services Institute of Australia; and a graduate member of the Australian Institute of Company Directors.

Ms Oei was a senior finance executive with over 25 years of diversified financial management experience covering accounting, tax, compliance, business strategy and venture capital raising. She was previously the Chief Financial Officer of MKS Capital Australia, part of the MKS Group, a global financial services organisation specialising in precious metals with 15 offices worldwide and headquartered in Geneva Switzerland. She also previously specialised in taxation services – banking and finance at PricewaterhouseCoopers in Sydney. Ms Oei was a Director at Camphin Boston Chartered Accountants, a mid tier Australian accounting firm to which she has had an affiliation since an undergraduate at university. She currently holds an advisory role with the firm. She was previously the Director of Special Project Corporate Expansion in N2N Connect Australia Pty Limited, a fully owned subsidiary of N2N Connect Berhad (Malaysia) to facilitate their successful business expansion through investments in Australian financial technology companies. In 2019, Ms Oei was appointed as special advisor to the Chief Executive Officer of Emerald Foods Pty Limited (part of the Shandong Ruyi Group) during a business development drive in Southeast Asia. Since December 2021, she was appointed as special advisor to the Chief Innovation Officer at Fueltech Pty Limited, a company in the new energy sector that develops industrial and transport solutions around electric vehicles and the hydrogen infrastructure.

Ms Oei was appointed to the Board on 22 April 2022 and she also serves as Chairman of the Investment Committee, as well as a member of the Audit Committee, Combined Nomination and Remuneration Committee, and Risk Management Committee.

Ms Oei 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 2021 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 53

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 53

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
(CONTINUED)

SAMANTHA LEE TZE LIU

General Manager - Property,
Mudajaya Land Sdn Bhd

Malaysian | Female | Aged 54

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 28 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 RM1.3 billion worth of properties for the Group in Kuala Lumpur which include the luxury Lumi Tropicana lifestyle apartments and the 256-acre Batu Kawah New Township in Kuching, Sarawak. This contemporary integrated township has 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

Head - Concession Assets,
Mudajaya Facilities
Management Sdn Bhd

Malaysian | Male | Aged 59

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. On 1 July 2021, he was redesignated as Head of Concession Assets.

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
(CONTINUED)

YAM KEONG CHEE

General Manager - Precast,
MJC Precast Sdn Bhd

Malaysian | Male | Aged 60

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.

ANNA MARIA VERGHIS

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

Malaysian | Female | Aged 40

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.

1

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.

3

2

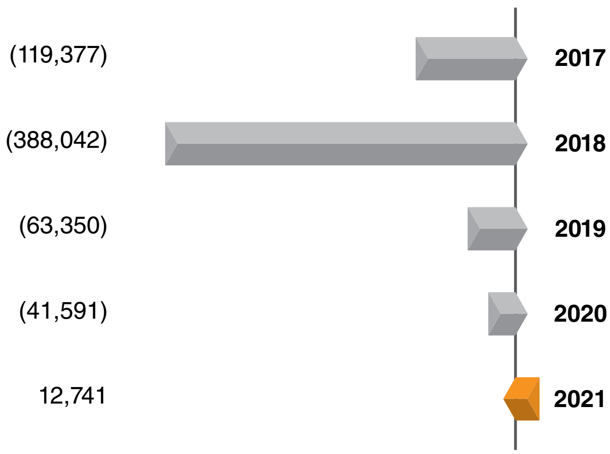
1. Spacious built up area from 1,000 sf to 1,400 sf to cater for different personalities of the buyers.
2. The wide balcony and window provide natural light and ventilation. The perfect combination of magnificient views formed by the Kuching City's skyline, Mount Serapi, or Santubong Mountain are captivating and relaxing for its residents.
3. Fully-furnished units are popular amongst investors as they command high rental returns.

FIVE YEARS' FINANCIAL HIGHLIGHTS

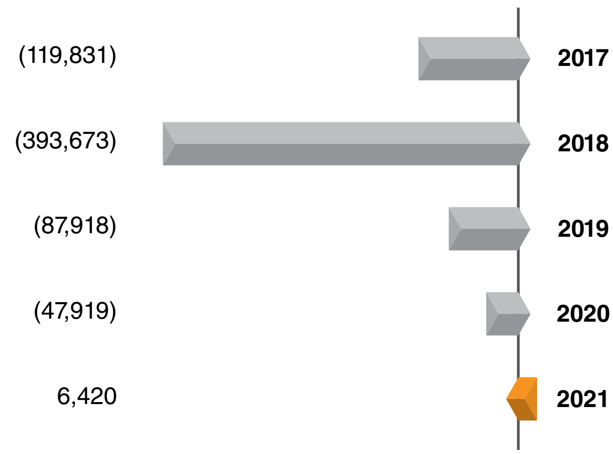
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-Current Assets	**448,271**	447,140	469,020	506,182	624,978
Current Assets	**556,427**	784,657	858,474	1,091,098	1,220,679
Total Assets	**1,004,698**	1,231,797	1,327,494	1,597,280	1,845,657
EQUITY AND LIABILITIES					
Capital and reserves					
Share Capital	**502,054**	397,730	393,172	393,172	393,172
Reserves	**(239,759)**	(283,926)	(246,258)	(177,218)	217,150
Equity Attributable To					
Owners Of The Company	**262,295**	113,804	146,914	215,954	610,322
Non-Controlling Interests	**31,907**	35,970	32,927	28,560	35,312
Total Equity	**294,202**	149,774	179,841	244,514	645,634
Liabilities					
Non-Current Liabilities	**362,523**	502,127	521,036	441,161	415,065
Current Liabilities	**347,973**	579,896	626,617	911,605	784,958
Total Liabilities	**710,496**	1,082,023	1,147,653	1,352,766	1,200,023
Total Equity And Liabilities	**1,004,698**	1,231,797	1,327,494	1,597,280	1,845,657
GROUP RESULTS					
Profit/(Loss) Before Tax	**12,741**	(41,591)	(63,350)	(388,042)	(119,377)
Taxation	**(4,661)**	(3,544)	(17,060)	(12,109)	1,605
Non-Controlling Interests	**1,660**	2,643	1,828	(6,478)	2,059
Profit/(Loss) Attributable To Owners Of The Company	**6,420**	(47,919)	(87,918)	(393,673)	(119,831)
SELECTED RATIOS					
Earnings/(Loss) Per Share (Sen)	**0.82**	(7.86)	(14.90)	(66.73)	(21.72)
Net Assets Per Share Attributable To Owners Of The Company (RM)	**0.20**	0.18	0.25	0.37	1.03
Return on Equity (%)	**2.45**	(42.11)	(59.84)	(182.29)	(19.63)
Gearing Ratio (Times)	**1.6**	5.6	4.9	3.7	1.2
Share Price (Year-End Closing) (RM)	**0.18**	0.33	0.39	0.29	0.93

FIVE YEARS' FINANCIAL HIGHLIGHTS
(CONTINUED)

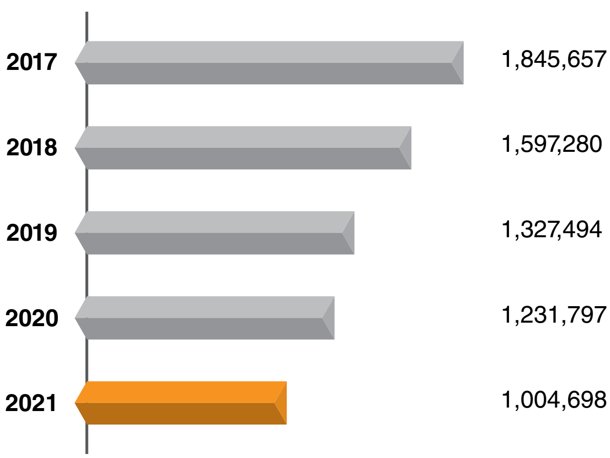
PROFIT/(LOSS) BEFORE TAX
(RM'000)



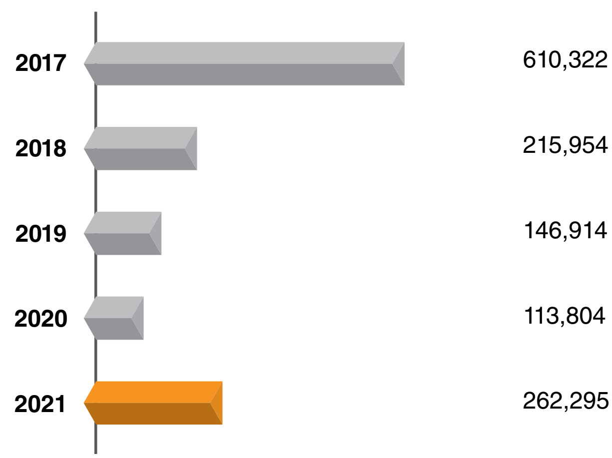
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



TOTAL ASSETS
(RM'000)



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



STATEMENT
FROM GROUP MANAGING DIRECTOR

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 2021.

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

STATEMENT FROM GROUP MANAGING DIRECTOR
(CONTINUED)

BIDDING FAREWELL TO A LEADER AND FRIEND

Before I start, the Board of Mudajaya as well as all our management and employees wish to convey our condolences to the family of our dear late chairman Dato' Yusli Mohamed Yusoff, who passed away in early March 2022.

On a personal note, I am saddened that a key architect of the many risk-mitigation measures and moves Mudajaya made towards building a sustainable, profitable future, will no longer be with us to see the turnaround and future success of our Group.

Dato' Yusli joined the board in July 2011 and was redesignated chairman in September 2011. For over a decade, he captained Mudajaya through its rapid growth and steered the ship safely through the past two pandemic-impacted years. Dato' Yusli's invaluable guidance and contribution to the Group for over a decade has left us in a strong position for 2022 and beyond.

It is my hope and commitment that the Mudajaya family will honour Dato's Yusli legacy by striving hard to deliver to his ideals and take the Group to the next level of domestic and international excellence.

RESUMPTION OF BUSINESS DRIVE STRONGER ECONOMIC PERFORMANCE

2021 marked the year of learning to live with the COVID-19 pandemic as the National COVID-19 Immunisation Programme picked up pace across Malaysia. As of 28 March 2022, close to 80% of Malaysia's adult population have received at least two vaccine doses.

This major mitigation measure informed the Government's decision to move Malaysia into Phase 4 of the National Recovery Plan in October 2021, where all economic activities are allowed and 100% working capacity is permitted.

Despite the emergence of new variants, the successful rollout of the vaccination drive and resumption of business activities resulted in Malaysia ending the year with a return to positive GDP growth of 3.1%, fuelled by a strong Q4 2021 GDP of 3.6%.

The implementation of the various government economic stimulus packages and introduction of booster vaccinations to combat new variants is expected to support further revival of various economic sectors, restore consumer confidence, as well as boost Malaysia's economic growth and resilience.

The easing of quarantine measures for international travellers beginning 1 April 2022 is also expected to boost domestic demand and the local economy while enabling more robust business and trade-related travel.


49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

RETURN TO PROFITABILITY

Being an active participant in the construction, power generation, property as well as manufacturing and trading sectors, Mudajaya's performance during the year under review was affected by the wider domestic and global macro-economic sentiments.

In spite of the disruptions to our operations caused by the pandemic in 2021, we are pleased to note that the Group successfully returned to the black in FY2021 after 5 consecutive financial years, with a profit before tax of RM12.7 million.

Our return to profitability was the result of our strategic thrust towards RE/Thermal power generation tighter controls on overhead spending as well as the initiatives we have undertaken to reduce debt and improve working capital. Leveraging on this foundation, we expect to maintain a profitable, sustainable growth trajectory going forward.

We are also happy to note that several of our corporate plans that had been delayed or impacted by the pandemic in 2020 have either resumed or are in the process of re-start in 2021.

As a case in point, our Klang Valley Mass Rapid Transit Line 2 (KVMRT2) V207 project site in Sri Kembangan achieved the Certificate of Practical Completion in December 2021.

With regards to the ongoing Light Rapid Transit Line 3 (LRT3) project, Mudajaya accepted a revised contract valued at RM655 million from main contractor Setia Utama LRT 3 Sdn Bhd on 26 March 2021. The revised line completion date for the LRT 3 project is now set at 30 November 2023.

In January 2020, Mudajaya won an RM31.99 million contract to supply and maintain the street lighting, high mast and traffic light system for the Sungai Besi–Ulu Kelang Elevated Expressway (SUKE) project. There was a delay at the start of the project, but progress has ramped up since 3Q 2021 as the client made available areas for work to progress. The SUKE lighting project is slated for completion by the end of Q2 2022.

STATEMENT FROM GROUP MANAGING DIRECTOR
(CONTINUED)

In terms of managing debt and strengthening our financial position, the Group in February 2021 undertook a renounceable rights issue of 648.8 million ordinary shares, which was then issued in October 2021. The additional proceeds of RM143 million raised was used to pare down or redeem loans, with the balance reserved for working capital.

Furthermore, on 27 December 2021, Mudajaya Corporation Berhad (MCB), a wholly-owned subsidiary of the Company, accepted a loan facility of RM46 million from Mulpha Ventures Sdn Bhd for the purpose of repayment of bank borrowings.

Separately, on 28 December 2021 Mudajaya fully redeemed the Series 1 US$60 million 7% Notes issued by Mudajaya Ventures Limited, a wholly-owned subsidiary of the Company under its US$200 million Euro Medium Term Note (EMTN) Programme.

All in all, the Group was able to significantly reduced Gearing ratio from 5.6 in FY2020 to 1.6 in FY 2021. At the same time, we continued our cash conservation efforts by tightening control on overhead spending whilst expediting our collection of trade receivables.

Last but not least, I wish to state my appreciation to all Mudajaya staff who agreed to a Temporary Salary Reduction Scheme during the challenging FY2021. This measure had not only strengthened the Group's finances but also placed us in a better position to grow to even greater heights in the coming years and beyond.

POISED FOR ROBUST GROWTH

FY2021 witnessed a few series of intermittent start-stop cycles for the business operations due to the various movement control orders (MCO) by the Government of Malaysia: MCO2.0, MCO 3.0, Enhanced MCO and then Full MCO in two phases.

Notwithstanding these impediments, the construction, precast and property segments output resumed operations albeit in a controlled manner under the new norms. Thus, gross profit margins from these business segments in FY2021 fell slightly below that of FY2020 figures. An exception to this rule was our stronger Renewable Energy (RE)/Power segment, which recorded improved performance from its associates' assets in Indonesia and India.

Mudajaya's RE/Power business was a key cog in the Group's return to the black and continued expansion in this segment – in particular RE – will drive our positive trajectory going forward.

Our move into the RE space is a recognition of growing ESG concerns among power producers, buyers, regulators, and end users. However, we will not rely solely on solar photovoltaic as we believe this RE source is currently a red ocean market in Malaysia. Instead, Mudajaya will look at alternative RE sources such as mini hydro and waste heat recovery projects.

PUTTING PEOPLE FIRST

The pandemic created a unique position of navigating a complex set of uncertainties across the global and local economy. To manage the new norm and standard operating procedures (SOPs), Mudajaya set up an integrated COVID-19 Nerve Centre (CNC) comprising executive committee members and a compliance team comprising project leaders, and headquarters support staff in finance and human resource roles.

The CNC is in near-constant connection with the Board of Directors, so as to enable fast decision-making across the entire Group. With the various virus variants and resulting MCOs announced on short notice, the CNC was pivotal in ensuring Mudajaya continued to function efficiently even in a state of emergency, reacting to day-to-day business shifts.

Across all our divisions, the CNC helped the Board find the right balance between overreacting and underreacting, but always making employee safety a priority using an agile, resilient and lean approach that relied on data to guide decision-making.

At the segmental level, our Construction Division created its own SOPs starting with the Labour Quarters with Isolation and Treatment facilities, while enabling employees to live and work in safe bubbles.

Meanwhile, the Property Division leverages technological solutions for its marketing and sales efforts, including organising virtual tours of properties for prospective buyers and investors.

Although Phase 4 allows full capacity at workplaces, Mudajaya is remaining cautious and continues to operate via virtual meeting from the Board to the site level so as to minimise in-person contact as much as possible.

FUTURE-PROOFING GROWTH PLANS, BACKED BY ESG

Understanding that our employees remain the engine of Mudajaya's growth and recognising that living with the virus requires embracing working and business planning in new ways, Mudajaya is building a sustainable growth plan that is backed by Environmental, Social, and Governance (ESG) concerns.

This will take a two-pronged approach or the 2Rs: Resilience and Recovery. Resilience ensures business continuity by prioritising health and safety via our CNC (Environmental); continued strengthening of the Group's balance sheet via loan restructuring, acquisitions of key assets, reduced inventory of property assets and debts (Governance); and retaining talent while balancing growth against costs (Social).

Recovery focuses on sustainable inclusive growth by focusing on our value proposition in construction of Road, Rail, Power, Port, Health, and Logistics/Data Centre Facilities. We will continue to replenish our Construction order book via tenders and unsolicited proposals.

Our targeted approach will place special emphasis on Roads and Ports projects in Sabah and Sarawak as well as Logistics and Warehousing facilities in Penang and Selangor. Simultaneously, Mudajaya will boost its engineering, procurement, construction and commissioning (EPCC) role in Malaysia's thermal power plant projects.

Mudajaya's recovery prong also includes extending our strong proposition as an asset owner in the RE space including large scale solar, mini hydro, and biomass combined cycle plants in Malaysia and ASEAN. Diversifying our operations beyond our two strong Construction and Property Divisions will insulate Mudajaya against future shocks and black swan events.

Similarly, global economic and political uncertainty discourages diversified businesses like Mudajaya from keeping all their eggs in one geographic basket. Our third recovery strategy will enhance Mudajaya's power and manufacturing businesses outside Malaysia via acquisitions of key assets and good land banks in China and across the ASEAN region.

EMBRACING CORPORATE SOCIAL RESPONSIBILITY

As a sustainability-oriented corporate organisation, Mudajaya is committed towards adding value to the lives in communities where we operate in. As a case in point, the Group and its employees spearheaded a food donation drive in 2021 aimed at helping deserving residents in Kampung Sungai Kayu Ara, which is located close to our LRT3 project site.

In December 2021, our employees including our mechanical & engineering staff also went on the ground to assist flood victims in Kampung Johan Setia, which is located along our LRT3 route.

We had also contributed funds towards the Pelitawanis TNB, which had purchased and donated dialysis machine to selected dialysis centers that are in dire need of these machines.

Further details of our CSR initiatives are outlined in the Sustainability Statement in this Annual Report.

LOOKING FORWARD TO 2022 AND BEYOND

At the macro level, FY2022 will offer further challenges as COVID-19 continues to mutate and health concerns remain a priority. Global and local inflation will continue to dominate the economies of the world and Malaysia is not spared either. Local political uncertainties and geopolitical events such as the Ukraine-Russia conflict will dominate the local and global economies.

Nonetheless, the opening of quarantine-free international travel should provide a boost for trade and business activities, especially with regards to the Group's expansion plans outside Malaysia and across ASEAN.

As such, Mudajaya remains on the lookout for strong accretive acquisitions outside Malaysia to chart our sustainable, shock-proof future and diversify our offerings while managing our risk profile. At the Group level, we are confident in securing several infrastructure and thermal power plant projects, which will hopefully add RM500 million to our current Construction order book.

Meanwhile, our Property Division will continue to clear its inventory stock of RM80 million of developments in the Klang Valley and Kuching, Sarawak. Moving forward, plans are underway to commence development of a 128-unit condominium block with a Gross Development Value (GDV) of RM60 million in Kuching.

In addition, our Power Division will continue to underpin earnings for the Group from its thermal and RE assets. The team is poised to participate in the next bid exercise for the Large Scale Solar 5 (LSSF 5) auction programme in Q2 2022 in Malaysia while seeking out opportunities in the RE space in Indonesia.

Elsewhere in the Manufacturing & Trading Division, FY2022 will be an exciting period as plans are underway to expand certain operations overseas to capitalise on ongoing projects. With all these projects and efforts in mind, the outlook for 2022 is certainly brighter for Mudajaya.

ACKNOWLEDGEMENT

Before I close this statement, the Board of Directors and I are grateful to all our employees for their efforts that often went above and beyond the call of duty to support the Group. My thanks as well to the Management Team and the Board of Directors for their continued leadership this past year.

We would also like to thank our customers, business associates, regulators and relevant government authorities for the continued support and cooperation. We also value the confidence and support from our valued shareholders over the years.

IR. JAMES WONG TET FOH
Group Managing Director & Chief Executive Officer
15 April 2022

1. Lumi Tropicana is majestically located opposite the gateway to Tropicana Golf & Country Resort

2. Luxury 1,509sf Serviced Apartment with 3+1 bedrooms

3. Living spaces are well blended with design and colors that shape your life.

Luxury living at the heart of Tropicana

Actual photos taken at unit A1-31-02 (1159sf)

CELEBRATE LIFE

Your life of fantasy is now a reality

Mudajaya owns 46 units of Lumi Tropicana which is set in a 6.2 - acre land at the most luxury location at Tropicana, stood majestically opposite the gateway to the Tropicana Golf and Country Resort.

Lumi Tropicana – an urban cocoon of modern-day living, it is a place where lifestyle, leisure and business come together to form a community that shaped by its residents.

MENARA MUDAJAYA

MANAGEMENT DISCUSSION & ANALYSIS

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

2021, a recovery year from the full-blown pandemic was seen with majority of the adult population in the country have completed their Covid-19 vaccination. From the 2022 budget announced by Prime Minister, higher allocation to Healthy Ministry for its expenses, as the country prepares to enter the endemic phase. Consequently, the construction sector was negatively impacted with the announcement of fewer new mega infrastructure projects. In spite of this set back, Mudajaya continues to diversify its business portfolio in search of opportunities to replenish its order book.

Mudajaya is keen to expand its footage in the renewable energy sector and will actively participate in upcoming large scale solar farm projects. In October 2021, Mudajaya has successfully complete the corporate exercises proposal of Rights Issue with Warrants. In an effort to reduce the gearing level and financing costs, the proceed was partially utilised in repaying the bank borrowings and resulted in interest savings.

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 gross domestic product (GDP) with positive growth of 5.5% in 2022, down from 5.8% previously largely caused by the unfolding developments surrounding the Ukraine crisis. This is in tandem with other global economies on the back of sustained progress in vaccine roll-outs that will boost consumption worldwide.

Meanwhile, the Department of Statistics Malaysia (DOSM) forecasts the country's business prospects for the first half of 2022 continues to improve. Overall, the sentiment remains cautious positivity with analysts pointing out that the Malaysian government continues to maintain macroeconomic stability. Having said that, we need to anticipate a number of risks to the growth outlook which, according to the World Bank, include 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
(CONTINUED)

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.

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.

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 Group'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.

MRT V207 At-grade & Viaduct section near MEX Highway

SEGMENTAL ANALYSIS:
CONSTRUCTION SECTOR

SECTORAL LANDSCAPE

2021 continue to be a challenging year for businesses globally and locally. The Covid-19 pandemic took a longer time than expected to reach the the endemic phase. It is therefore not surprising that the Malaysia Construction Sector GDP contracted a further 5% in 2021.

With the disruption of the productivity and supply chain, the management had taken bold steps in cash flow management, cost control and progress planning for all the on-going projects. It's notable that the material prices had increased substantially in 2021 due to global inflation, and the trend continue. Besides the Covid-19 pandemic, the disruption due to the on-going conflict between Russia and Ukraine had aggravated the situation. The continuing uncertainties have resulted in a more forward-thinking approach in tender bids. It is important for Mudajaya to take a balance approach to stay relevant and resilient.

ACHIEVEMENTS IN 2021

One of the key achievements in 2021 is the successful MRT Putrajaya Line 2 project at Seri Kembangan with the issuance of the Certificate of Practical Completion in December 2021. This was followed closely with the closure of commercial matters with the Main Contractor shortly after. It is also worth to note the amicable closure of all the contracts for the Rapid Pengerang Projects was also achieved in 2021.

MRT V207 Viaduct and North Tunnel Entrance near Seri Kembangan

The first section of Sarawak Pan Borneo Highway Package 8 witnessed a substantial part being completed and opened in February 2022 to traffic ahead of its scheduled completion in May 2022. We are confident that the handover of the balance section will be completed on schedule as agreed with our client.

WAY FORWARD

Notwithstanding the the challenges experienced in FY2021, it is hoped that FY 2022 will see an improvement to the construction sector. Private sector led investments related to the factories and logistic warehouses continue to see an upward trend. Public expenditures listed in the government annual budget on hospitals, schools, roads and bridges, ports and flood mitigation projects continue to witness active tender calls. The government recently announced the roll out of mega projects like MRT-3 Circle Line in the Klang Valley which will auger well for the construction sector.

With opening up of the country's border and the rise of the new normal post Covid-19, we are confident that we could see a productive year ahead. A focus and careful approach would bring us to a new destiny.

LRT3 GS01 Elevated Station Near Damansara Toll Plaza

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

One Residency: Perfect environment ideally built for the needs of multi-generational living

SEGMENTAL ANALYSIS:
PROPERTY SECTOR

SECTORAL LANDSCAPE

Mudajaya's property unit involves in property development, leasing and building management and maintenance services in Kuala Lumpur and Kuching. It had launched and completed approximately RM1.3 billion worth of properties and won multiple awards for its projects.

ACHIEVEMENTS IN 2021

2021 had been a disruptive and challenging year as the hope that the world's economy will enter the stage of recovery was dampened by the imposition of a Full Movement Control Order from May to July 2021. The sales office and the building maintenance and management office were closed for half a month due to outbreak of the Covid-19 within the team despite strict adherence to SOPs. Assistance and morale support were extended to the affected staff and their families during these difficult times. Nonetheless, the team's unrelentless effort in constantly engaging with our existing buyers and tenants through digital media and platform paid off as soon as the market re-opened in October. Many units were sold in Batu Kawah and new tenancies were concluded at Menara Mudajaya office suites as a result of discussions with the potential buyers and tenants during the lockdown via online meetings. On the macro perspective, the market prospect and home buying sentiments improved in the fourth quarter largely due to the Malaysian government's extension of the Home Ownership Campaign, the Sarawak government's announcement to develop the Batu Kawah region into a tourism hot spot and "Food Basket" of Sarawak coupled with the attractive marketing strategy implemented by the team saw an achievement in revenue of RM11.9 million and profit before tax of RM3.1 million in current financial year for our Batu Kawah New Township development.

One Residency: The d'Enovo Residents' Clubhouse and its facilities are designed to connect, relate and rejuvenate

WAY FORWARD

In view of Malaysia entering the period of National Recovery Plan, it is hopeful that the property market will further improve and take flight so that new projects in the pipeline can be launched to improve the revenue and profit.

Lumi Tropicana units are sold with fully furnished packages

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

SEGMENTAL ANALYSIS: POWER SECTOR

SECTORAL LANDSCAPE

Mudajaya's power unit undertakes the concession of assets as an Independent Power Producer (IPP) within the energy sector. At present, Mudajaya operates, owns, and manages two solar PV assets with total capacity of approximately 59 MW. The first 10 MW solar PV plant is located at Gebeng, Pahang and the second 49 MW plant is located at Sungai Siput, Perak. Mudajaya also has interest in a 2 x 7 MW coal-fired power plant in Sulawesi, Indonesia and a 4 x 360 MW coal-fired plant in Chhattisgarh, India.

ACHIEVEMENTS IN 2021

Due to unprecedented covid pandemic globally and the imposition of various movement control orders by Government of Malaysia, Indonesia and India to curb the spread of covid pandemic, Mudajaya's energy assets are allowed to operate under strict SOP. During the year, Mudajaya's two solar PV plants generated approximately 95GWh of clean and renewable energy and eliminated over 55,000 ton of CO_2.

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

Mudajaya's 2 x 7 MW coal fired power plant in Sulawesi, Indonesia recorded the highest profit in 2021 since the commencement of its operation and the Group's share of profit for 2021 was RM5.97 million. The higher profit was mainly due to higher revenue generated in the financial year.

Post restructuring of debts in RKM in December 2020, RKM recorded a profit of RM51.6 million from its operation and is able meet its obligation to the lenders. The performance of RKM is expected to improve further in 2022.

WAY FORWARD

With the Government of Malaysia's commitment towards the 2012 Paris Agreement targets remain intact, the government have revised its national RE capacity mix target from 20% to 31%, or 8,531 MW by 2025 to support its aim of meeting Sustainable Development Goals (SDG) targets. Green investment tax allowance for purchasing green technology assets and green income tax exemption have been extended to 2023 and the government have also launched the RM2.0 billion Green Technology Financing Scheme Scheme 3.0 (GTFS 3.0) in Budget 2021.

With the increase in RE target mix to 31%, Mudajaya expects Suruhanjaya Tenaga to rollout sizeable, large scale solar through LSS5 in 2022 and beyond in which Mudajaya will continue to participate. Besides solar PV project, Mudajaya will also look out for other renewable energy projects for the Group to achieve its vision to be the preferred leader in the industry.

Overall aerial view of Precast Manufacturing plant in Ijok

SEGMENTAL ANALYSIS:
MANUFACTURING, TRADING & OTHER SECTOR

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 2021

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 in its quick vaccination programme continuing easing the SOP restrictions saw the revival of productivity and resumption of activities related to all projects coupled with industry push for greater use of precast elements in property projects and our continuous in securing infrastructure precast concrete orders, especially the LRT3 and other highway projects.

Precast Concrete I beam at the MJC Precast plant in Ijok

Mudajaya intends to participate selectively in various tenders to replenish its manufacturing order book of RM25 million, based on current production capacity and schedule.

Installed Precast Pier Caps at LRT3 project site

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

Profit before interest and tax ("PBIT")

The Group reported higher PBIT amounting RM57.2 million for the year ended 31 December 2021, increased by more than 100% as compared to RM9.9 million in preceding financial year. Further to the explanation above, the higher PBIT was contributed by 14% lower of finance cost incurred during the financial period under review. This is consistent with the repayment of loan and borrowings made during the financial year.

FINANCIAL POSITION ANALYSIS

in RM'000	31.12.2021	31.12.2020	Variance
Non-current assets	448,271	447,140	>1%
Current assets	556,427	784,657	-29%
Total assets	1,004,698	1,231,797	-18%
Owners' equity	262,295	113,804	>100%
Non-current liabilities	362,523	502,127	-28%
Current liabilities	347,973	579,896	-40%
Total liabilities	710,496	1,082,023	-34%
Current ratio (times)	1.6	1.4	0.2
Gearing ratio (times)	1.6	5.6	4.0

Total assets

Total assets as at 31 December 2021 decreased by 18% as compared to 31 December 2020 primarily due to decreased in inventories, repayment from debtors and redemption of pledged deposits.

Total liabilities

Total liabilities as at 31 December 2021 decreased by 34% as compared to 31 December 2020, primarily due to repayment of loans and borrowings and decreased in trade payables.

Owners' equity

Owners' equity as at 31 December 2021 increased more than 100% as compared to 31 December 2020, mainly due to increase in share capital as a result of issuance of new ordinary shares via Rights Issue. The proceeds of the Rights Issue is for the Group's working capital and partial loan repayment purposes.

PROFIT OR LOSS ANALYSIS

in RM'000	31.12.2021	31.12.2020	Variance
Revenue	288,688	347,698	-17%
Gross profit	55,664	17,507	>100%
Gross margin (%)	19	5	>100%
Profit/(Loss) before tax	12,741	(41,591)	>100%
Finance cost	(44,430)	(51,451)	-14%
Profit before interest and tax	57,171	9,860	>100%

Revenue, gross profit and gross margin

The Group reported revenue and gross profit amounting to RM288.7 million and RM55.7 million respectively for the year ended 31 December 2021, as compared to RM347.7 million and RM17.5 million respectively in preceding financial year. The lower revenue in financial year under review were mainly due to near completion of a construction project and slower progress of the on-going projects due to the pandemic during the year. Despite lower revenue during the year under review, the Group achieved gross margin at 19% in current financial year.

Profit/(Loss) before tax ("PBT" or "LBT")

The Group's PBT has significantly improved in current financial year under review by reported a surplus of RM12.7 million, as compared to preceding financial year reported a loss of RM41.6 million. The improved PBT was mainly due to the absence of one-off non-cash net loss on impairment of a property in previous financial year due to its fair value has deteriorated by observing to market conditions at that time. The PBT was further improved by gain on remeasurement of other investment in current financial year.

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

Current ratio (Current assets/Current liabilities)

The Group's current ratio was improved to 1.6 times in 2021 from 1.4 times in previous year indicating that the Group has better liquidity to meet its short-term obligations or those due within one year.

Gearing ratio (Total borrowings/Total equity)

The Group's gearing ratio was improved to 1.6 times in 2021 from 5.6 times in previous year. This demonstrates the Group has a lower degree of financial leverage and is less susceptible to downturns in the economy and the business cycle.

MRT V207 Viaduct leading to Depot

CASH FLOW ANALYSIS

in RM'000	2021	2020
Net cash generated from operating activities	114,417	73,682
Net cash generated from/(used in) investing activities	169,090	(558)
Net cash used in financing activities	(280,357)	(68,543)
Net increase in cash and cash equivalents	3,150	4,581
Effect of exchange rate fluctuations on cash held	(5,984)	1,704
Cash and cash equivalents* at 1 Jan	59,935	53,650
Cash and cash equivalents* at 31 Dec	57,101	59,935

** excluded pledged deposits*

As at 31 December 2021, cash and cash equivalents decreased by 2% as compared to 31 December 2020. Whereas the net cash generated from operating activities increased in 2021 primarily due to the higher revenue recognised from contract assets and higher cash conversion from inventory. The net cash generated from investing activities increased substantially due to the redemption of pledged deposits in 2021 for repayment of loan and borrowings. This is in line with the increase in net cash used in financing activities.

CAPITAL EXPENDITURE REQUIREMENTS

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

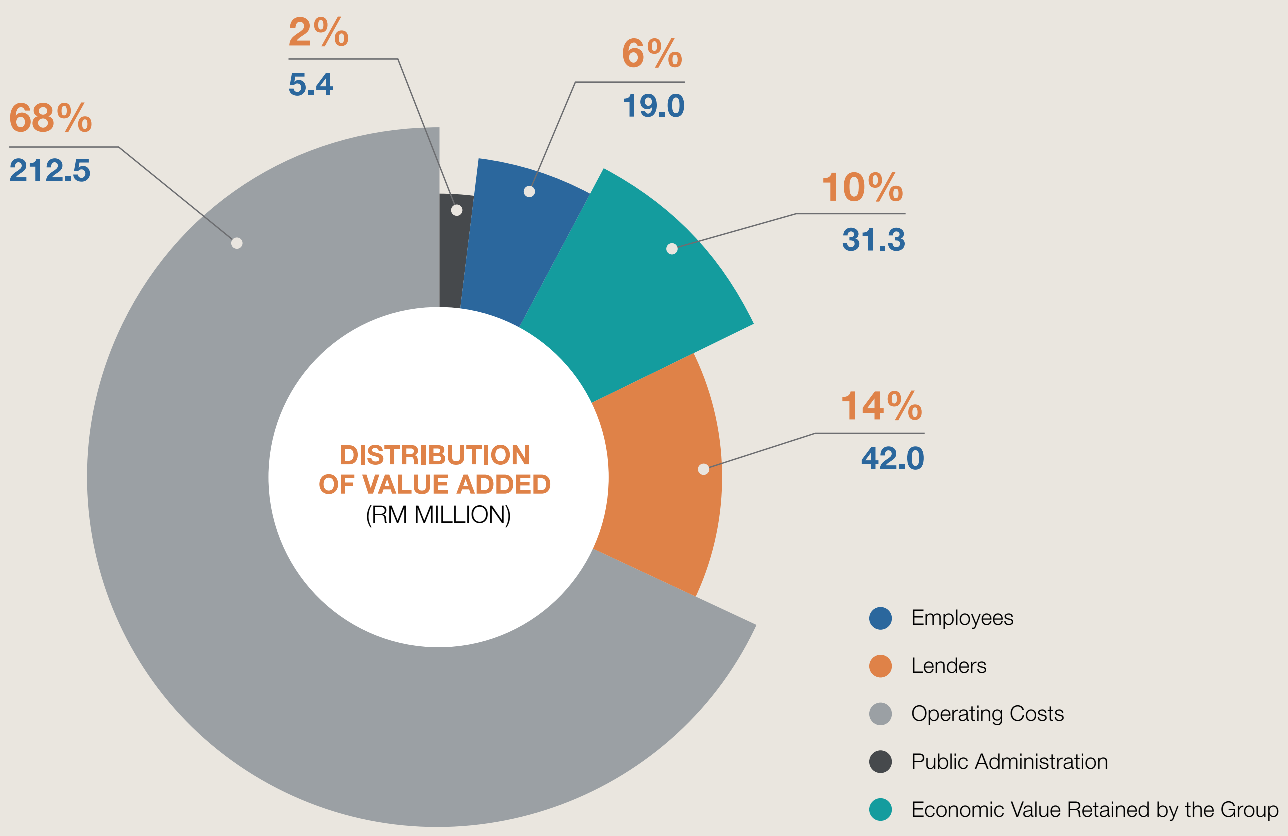
VALUE-ADDED STATEMENT

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 2021, Mudajaya Group's value added amounted to RM310.2 million – with 68% of the value added (approximately RM212.5 million) directed to Operating Costs. Additionally, distribution to employees in the form of wages and benefits amounted to RM19.0 million.

For the year 2021, the Group reported RM31.3 million of retained economic value.

"WE CONTINUE TO MAKE INVESTMENT THAT WILL PRIORITIZE OUR STAKEHOLDERS' WELLBEING"



INVESTOR RELATIONS 2021

LRT3 GS01 Elevated Station Off Sprint Highway

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. In 2021, the Department of Statistics Malaysia estimated that the value of construction work done contracted by 5.0% to RM112.0 billion as compared to RM117.9 billion in 2020. In 2022, the construction sector is expected to rebound by 11.5% on account of better performance in all its subsectors. The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects, such as Light Rail Transit Line 3 (LRT3), Mass Rail Transit Line 3 (MRT3), Johor-Singapore Rapid Transit System (RTS) as well as the Pan Borneo highways in Sabah and Sarawak. Utility projects, including Baleh Hydroelectric, Sarawak Water Supply Grid Programme and Large-Scale Solar 3 plant, are also projected to spur growth. Similarly, the residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses. The measures, among others, are the continuation of the Rent-to-Own scheme and full stamp duty exemptions for first-time home buyers as well as Rumah Mesra Rakyat and People's Housing programmes. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis. Accordingly, Mudajaya's revenue dropped by about 17% in 2021 as compared to 2020; mainly due to near completion of a construction project and slower progress of the on-going projects due to the pandemic during the year. However, we are confident that the revival of the mega projects will be able to increase the Group's future earnings.

Unlike its competitors, the sectoral diversification of Mudajaya enable it 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 2022; 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 2022 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 2021 with reference to the 3 key Principles as set out in the updated Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") namely (a) Board leadership and effectiveness; (b) Effective audit and risk management; and (c) Integrity in corporate reporting and meaningful relationship with stakeholders. The Company's application of each Practice set out in MCCG 2021 during the financial year 2021 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**") and Investment 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.

The Board was saddened by the sudden demise of the Non-Independent Non-Executive Chairman, Dato' Yusli Bin Mohamed Yusoff on 10 March 2022. The late Chairman was responsible for the leadership and governance of the Board, ensuring its effectiveness. He moderated and guided all meetings, and encouraged active participation and contribution from all members of the Board. He also engaged directly with the Group CEO to monitor performance and oversaw 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 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/virtual 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.

During the financial year 2021, in addition to routine matters, the Board reviewed and deliberated on the following areas:

- Impact of the COVID-19 pandemic on the Group's business, in particular during the Movement Control Orders, and the actions taken by Management to mitigate such impact.
- Measures taken to optimise costs under the cost rationalisation exercise.
- Enhancement of the COVID-19 standard operating procedures for the office premises and operation sites.
- Enhancement of the digital platform to engage with prospective customers and to expedite sales conversion amid the COVID-19 pandemic.
- Corporate vaccination programme for all employees.
- Gap analysis on the updated MCCG 2021 issued by the Securities Commission Malaysia.
- Renounceable rights issue with warrants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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, 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.

The Whistleblowing Policy & Procedure was revised in year 2020 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*.

Sustainability

The Board together with Management are responsible for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. The Management team, led by the Group CEO is continuously enhancing the sustainability management framework and processes to ensure effective implementation and execution of the environmental, social and governance (ESG) initiatives.

Whilst the pandemic has, and will continue to impact the Group's businesses, Mudajaya's commitment to sustainability remains strong. To ensure the long-term expectations of stakeholders are met, Mudajaya continues to monitor its sustainability priorities, including taking the necessary actions to minimise the environmental impact.

II. BOARD COMPOSITION

Following the demise of the Non-Independent Non-Executive Chairman, the Board currently has 4 members, comprising the Group CEO, Executive Director and 2 Independent Non-Executive Directors. 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 composition of Directors during the financial year 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 2021, 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.

(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 offer of employment contract for the Group CEO upon reaching the retirement age of 60 in 2021.

(h) Following the resignation of Dato' Wong Peng Chong as Independent Non-Executive Director on 13 May 2021, the CNRC had reviewed and recommended for the Board's approval, the changes to the composition of Board Committees i.e. CNRC, RMC, 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 meet its future needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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 2021. 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.

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.

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 and Board Committees' 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 4 Board meetings were held during the financial year ended 31 December 2021 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 *(Passed away on 10 March 2022)*	4/4	100%
Ir. James Wong Tet Foh	4/4	100%
Lee Eng Leong	4/4	100%
Chew Hoy Ping	4/4	100%
Dato' Amin Rafie Bin Othman	4/4	100%
Dato' Wong Peng Chong *(Resigned on 13 May 2021)*	1/1*	100%

** 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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/conferences/workshops/seminars/webinars attended by the Directors during the financial year ended 31 December 2021 are as follows:-

Name of Directors	Training Programmes Attended	Organiser	Date
Dato' Yusli Bin Mohamed Yusoff	1) Primer on Climate Governance	Institute of Corporate Directors Malaysia ("**ICDM**")	15 January 2021
	2) Sustainable and Responsible Investment 2021	Securities Industry Development Corporation	17 June 2021
	3) The New Reality of Cyber Hygiene	KPMG	21 July 2021
	4) NRC - Beyond Box-Ticking & Enhancing Effectiveness	Financial Institutions Directors' Education	29 & 30 July 2021
	5) Becoming a Boardroom Star	Malaysian Institute of Corporate Governance ("**MICG**")	9 November 2021
	6) Competition Law Awareness	Skrine	10 November 2021
	7) Audit Oversight Board – Conversations with Audit Committees	Securities Commission	6 December 2021
	8) Anti-Bribery Management System – Refresher for Directors	Mudajaya Group Berhad	14 December 2021
Ir. James Wong Tet Foh	1) Deloitte Sustainability – Accelerating Climate Change Launch	Deloitte Malaysia Global Compact Malaysia	3 February 2021
	2) Understanding Increasing Investor Expectations for Climate Governance	Climate Governance Malaysia ("**CGM**")	11 February 2021
	3) Forbes Asia CEO Webinar	Forbes Asia	30 & 31 March 2021
	4) KPMG Board and Audit Committee Priorities 2021	KPMG Aspac	7 May 2021
	5) MARC Malaysian Bond & Sukuk Conference 2021	Malaysian Rating Corporation Berhad ("**MARC**")	19 - 21 May 2021
	6) Implementing Amendments in the Malaysian Code on Corporate Governance	Asia School of Business	14 June 2021
	7) Carbon Targets: Challenges and Opportunities	CGM & ICDM	29 June 2021
	8) Directors' Duties and Climate Change	CGM	22 July 2021
	9) Roundtable 4: Is Malaysia Ready for Carbon Pricing & Green Financing	CGM	17 August 2021
	10) Making Informed Decisions about Climate Risks	CGM	3 September 2021
	11) Climate Change: IPCC Recent Report and What We Want Out of COP26 in Glasgow	KLBC	13 September 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Name of Directors	Training Programmes Attended	Organiser	Date
Ir. James Wong Tet Foh (cont'd)	12) TCFD Refresher: Getting Ready for the 2021 Mandatory Climate-Related Disclosures	Deloitte	15 September 2021
	13) Unlocking Capital for Sustainability 2021: Scaling Sustainable Finance for a Green Recovery	Eco-Business	16 September 2021
	14) Vision of a Global Net Zero Future: Bridging the Gap Between Science & Business	Deloitte	22 September 2021
	15) The Cooler Earth Sustainability Summit 2021	CIMB	23 - 27 September 2021
	16) Pandemic Recovery & East Asian Economic Resilience	JCI Sunway University	24 September 2021
	17) Sustainable Infra 2021	MARC	25 & 26 November 2021
Chew Hoy Ping	1) Malaysian Code of Corporate Governance: A Caring Blueprint for a Better Corporate Malaysia	Malaysian Institute of Accountants ("**MIA**")	6 & 7 January 2021
	2) New Era for Transfer Pricing – Top 10 Questions Answered	MIA	4 February 2021
	3) Audit Committee Conference 2021	MIA	15 & 16 March 2021
	4) Environmental, Social and Governance: What Matters to You	Tricor	26 March 2021
	5) Risk Management Conference 2021	MIA	21 & 22 April 2021
	6) Board & Audit Committee Priorities 2021	KPMG	7 May 2021
	7) Doubling Down on Corporate Governance Watch 2020 & MCCG 2021 Update	KPMG	4 June 2021
	8) Corporate Fraud – Looking Beyond the Boardroom	Rosli Dahlan Saravana Partnership	11 June 2021
	9) Corporate Board Leadership Symposium 2021: Enhancing Governance & Ethics Towards Future Sustainability	MIA & Malaysian Alliance of Corporate Directors ("**MACD**")	22 & 23 June 2021
	10) APAC Launch – Primer on Climate Change: Directors Duties & Disclosure Obligations	CGM	30 June 2021
	11) The Net Zero Journey: What Board Members Need to Know – Part 1: Policy, Science-Based Targets & Circular Economy Thinking as Enablers	CGM	13 July 2021
	12) The New Reality of Cyber Hygiene	KPMG	21 July 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Name of Directors	Training Programmes Attended	Organiser	Date
Chew Hoy Ping (cont'd)	13) The Net Zero Journey: What Board Members Need to Know – Part 2: Decision Making in Strategy & Operations	CGM	9 September 2021
	14) Related Party Transactions – Why Do They Matter?	MICG	13 & 14 October 2021
	15) Conduct of Directors & Common Breaches of Listing Requirements	MIA	26 October 2021
	16) PwC Malaysia's Budget 2022	PricewaterhouseCoopers	15 November 2021
	17) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2021
	18) Anti-Bribery Management System – Refresher for Directors	Mudajaya Group Berhad	14 December 2021
Lee Eng Leong	1) Audit Committee Conference 2021	Malaysian Institute of Accountants	15 & 16 March 2021
	2) Corporate Directors Summit 2021: Governance 4.0 Transforming Business, Transforming Board	MACD	17 August 2021
	3) Business Foresight Forum 2021: Transformative Innovation Reshaping Business Realities in Extraordinary Times	Securities Industry Development Corporation	22 & 23 September 2021
	4) Related Party Transactions – Why Do They Matter?	MICG	13 & 14 October 2021
	5) KPMG Asia Pacific Board Leadership & Assurance Summit 2021	KPMG	16 - 18 November 2021
	6) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2021
Dato' Amin Rafie Bin Othman	1) Audit Committee Conference 2021	MIA	15 & 16 March 2021
	2) Sustainable Finance: Making better financial decisions	KPMG	9 April 2021
	3) MIA Virtual Conference Series: Risk Management Conference 2021	MIA	21 & 22 April 2021
	4) KPMG Board and Audit Committee Priorities 2021	KPMG Aspac	7 May 2021
	5) Board's Role in the Changing World of Work	Asia School of Business	3 & 4 June 2021
	6) Navigating Political Dynamics in International Business	Asia School of Business	12 & 13 July 2021
	7) Corporate Directors Summit 2021: Governance 4.0 Transforming Business, Transforming Board	MACD	17 August 2021

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 2021 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	-	506	-	36	-	-	-	542
Lee Eng Leong	-	457	-	55	-	-	-	512
Non-Executive Directors								
Dato' Yusli Bin Mohamed Yusoff	200	-	-	-	68	18	35	321
Chew Hoy Ping	80	-	-	-	46	18	-	144
Dato' Amin Rafie Bin Othman	80	-	-	-	12	17	-	109
Dato' Wong Peng Chong *(Resigned on 13 May 2021)*	29	-	-	-	1	5	-	35
Received from the Company	**389**	**963**	**-**	**91**	**127**	**58**	**35**	**1,663**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Name of Directors	Directors' Fees	Salaries	Bonuses	Defined Contribution Plan	Fixed Allowances	Meeting Attendance Allowances	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors								
Ir. James Wong Tet Foh	-	619	-	45	-	-	42	706
Lee Eng Leong	-	559	-	67	-	-	38	664
Received from a subsidiary	**-**	**1,178**	**-**	**112**	**-**	**-**	**80**	**1,370**
Total Group	**389**	**2,141**	**-**	**203**	**127**	**58**	**115**	**3,033**

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.

The AC currently comprises 2 members, all of whom are Independent Non-Executive Directors. Following the demise of Dato' Yusli Bin Mohamed Yusoff on 10 March 2022, the number of AC members has reduced to below 3. Pursuant to Paragraph 15.19 of the Main Market Listing Requirements of Bursa Securities, the Company shall fill the vacancy within 3 months.

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 2021, 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.

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. ENGAGEMENT 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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.

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 a fully virtual meeting for its AGM and extraordinary general meeting ("**EGM**"), which were both held on 29 June 2021 in line with the announcement by the Prime Minister's Department on 28 May 2021 in relation to the implementation of a 'total lockdown' for 14 days beginning from 1 June 2021 where general meetings must be conducted fully virtual. The AGM and EGM were conducted through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities. The Notices of AGM and EGM with sufficient information of businesses to be dealt with thereat, together with the Proxy Form, Administrative Guide for AGM/EGM 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 Notices of AGM and EGM were published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the Notices of AGM/EGM, Proxy Forms, Administrative Guides and Request Forms 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.

The minutes of the AGM and EGM (including the questions raised at the AGM/EGM and the answers thereto) were made available on Mudajaya's website.

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. To further encourage engagement between the Directors and shareholders, shareholders were also invited to submit questions before the AGM/EGM to Boardroom Smart Investor Portal in relation to the agenda items of the AGM/EGM.

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. At the EGM, the principal adviser and independent adviser of the Company gave their presentations on the proposed renounceable rights issue with warrants undertaken by the Company. During the AGM/EGM, shareholders and proxies were encouraged to pose their questions using the message icon via the RPV facilities and the questions posed by shareholders were made visible to all meeting participants. The Chairman, Group CEO and Executive Director responded to all the questions raised 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 and EGM 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 Chairman then announced the poll results which were also displayed on the screen and declared that all the resolutions were carried. 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 April 2022.

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 11 October 2021, the Company completed a Rights Issue with Warrants exercise ("**Rights Issue**") with 648,862,166 Rights Shares issued at RM0.22 per share, together with 648,862,166 free warrants on the basis of 1 Warrant for every 1 Rights Share. The Rights Issue had raised total proceeds of RM142.75 million. The status of utilisation of proceeds as of February 2022 was as Follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Partial repayment of bank borrowings	100,000	100,000	-	Within 3 months
Working capital for existing/future projects	41,850	31,248	10,602	Within 24 months
Estimated expenses in relation to the Rights Issue	900	900	-	Upon completion
Total:	**142,750**	**132,148**	**10,602**	

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 2021 are as follows:-

	Group RM'000	Company RM'000
Audit fees		
- Statutory auditors	463	135
- Other auditors	22	-
Subtotal:	**485**	**135**
Non-audit fees		
- Statutory auditors	50	10
Subtotal:	**50**	**10**
Total:	**535**	**145**

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 2021.

AUDIT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The AC comprises 2 members, all of whom are Independent Non-Executive Directors and none of them is an alternate director. The members are as follows:-

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

2. Dato' Amin Rafie Bin Othman (Member)
   (Independent Non-Executive Director)

3. Dato' Yusli Bin Mohamed Yusoff (Member)
   (Non-Independent Non-Executive Director)
   (Passed away on 10 March 2022)

Note: Pursuant to Chapter 15, Paragraph 15.19 of the Main Market Listing Requirements of Bursa Securities, as the number of AC members has reduced to below 3, the Company shall fill the vacancy within 3 months.

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) was revised to incorporate the relevant changes to be in line with the updated MCCG 2021. The changes which were incorporated in the AC Charter were as follows:

(a) The AC Chairman shall not be the Chairman of the Board.

(b) No former partner of the Company's external audit firm and/or its affiliate firms shall be appointed as a member of the AC unless that person has observed a cooling-off period of at least 3 years.

(c) Internal audit function's scope is extended to include the review of the adequacy and effectiveness of anti-corruption & whistleblowing processes.

The revised AC Charter was reviewed by the AC on 22 February 2022 and approved by the Board on 25 February 2022. The revised AC Charter is published on Mudajaya's website at *www.mudajaya.com*.

AUDIT COMMITTEE REPORT
(CONTINUED)

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2021, 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' Amin Rafie Bin Othman	5/5
Dato' Yusli Bin Mohamed Yusoff *(Passed away on 10 March 2022)*	5/5

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.

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 the 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 22 February 2021, 24 May 2021, 23 August 2021, 23 November 2021 and 22 February 2022. The financial and cash flow reports were also tabled to the Board for notation.

  At the AC meeting held on 22 February 2021, the AC discussed the simulation of projected results of an investment company in the Group accounts and its impact to the financial statements. Subsequently at the AC meetings held on 23 August 2021 and 22 February 2022, the AC reviewed and deliberated on the appropriateness of fair value accounting method as well as valuation assessment in respect of this investment company.

- Reviewed the quarterly financial results for the 4th quarter of 2020 and the annual audited financial statements of 2020 for recommendation to the Board for approval and release to Bursa Securities, at the AC meetings held on 22 February 2021 and 5 April 2021 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2021, and the annual audited financial statements 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 24 May 2021, 23 August 2021, 23 November 2021, 22 February 2022 and 5 April 2022 respectively.

  At the said AC meetings, matters discussed included the impact of the COVID-19 pandemic on the Group's business operations and the consequential Movement Control Orders and standard operating procedures imposed in the country, and the actions taken by Management to mitigate such impact.

2. Annual Report Requirements

- 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 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 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.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the AC meeting held on 22 February 2022.

  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 2021 Annual Report, at the AC meeting held on 5 April 2022.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2021 Annual Report, as well as the CG Report for submission to Bursa Securities at the AC meeting held on 5 April 2022.

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 22 February 2021, 24 May 2021, 23 August 2021, 23 November 2021 and 22 February 2022. A total of 11 audit engagements were completed in 2021.

  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 project management, project cost management, purchasing processes, liquidated damages risk, power plant and construction projects, review of joint venture agreement for a property development project, COVID-19 compliance with standard operating procedures at workplace and project sites, and ISO management system and procedures.

  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 discussed the status of the implementation and progress of ABMS, at the AC meetings held on 22 February 2021, 24 May 2021, 23 August 2021, 23 November 2021 and 22 February 2022.

- Reviewed the risk-based internal audit plan for 2021-2024, at the AC meeting held on 24 May 2021. The areas which were covered in the audit plan included construction and property projects, concession assets, precast and central purchasing.

- Reviewed and approved the risk-based 3-year internal audit plan for 2022-2024 covering the construction and property projects, concession assets, precast, enterprise risk management, central purchasing, payment processes and ABMS, at the AC meeting held on 23 November 2021.

AUDIT COMMITTEE REPORT
(CONTINUED)

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 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) and audit findings in relation to the financial statements for the year ended 31 December 2020. At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement 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 ("**IESBA Code**"), and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

  At the said AC meeting, the AC was informed that the lead engagement audit partner who was responsible for the financial statements of the Group was subjected to a 7-year rotation pursuant to the Auditor Independence Policy. Accordingly, Mr Chew Beng Hong has succeeded Mr Tai Yoon Foo as the new audit partner for the financial year 2021.

- Reviewed with the external auditors on 22 February 2021, 23 November 2021 and 22 February 2022 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 2021, 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 2021 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.

  The AC reviewed the external auditors' performance having regard to factors such as the audit firm's service quality, adequacy of experience, technical competency, reasonableness of fees and provision of non-audit services, and was satisfied with the overall performance. The evaluation results were tabled at the AC meeting held on 22 February 2021. 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 24 February 2021, 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 29 June 2021.

- Reviewed the proposed 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.

  The non-audit service was for 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.

- 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 2021, at the AC meeting held on 23 November 2021.

  At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the By-Laws and the IESBA Code, and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

- 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 2021, at the AC meeting held on 22 February 2022.

  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) and audit findings.

  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 3 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;
  (b) Valuation of properties held for sale and properties under development; and
  (c) Impairment of investment in subsidiaries at Company level.

- In February 2022, the AC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2022 AGM, via the same assessment tool as described above. In its assessment, the AC also considered the information in the external auditors' Transparency Report with reference to Guidance 9.3 of MCCG 2021. The evaluation results were tabled at the AC meeting held on 22 February 2022, 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 25 February 2022, 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 2021, at the AC meeting held on 22 February 2022.

  The non-audit services comprised the review of the Statement on Risk Management and Internal Control and the review of cash flow projection of an investment company. 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 2022, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2021, where relevant disclosures in the annual audited financial statements were deliberated.

AUDIT COMMITTEE REPORT
(CONTINUED)

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 22 February 2021, 24 May 2021, 23 August 2021, 23 November 2021 and 22 February 2022.

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.

- The AC has the responsibility in overseeing the implementation and monitoring of the Whistleblowing Policy & Procedure, and ensuring effective administration thereof. The IARMD reported that there was no complaint received during the financial year 2021 up to the issuance date of this Annual Report.

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 2021, the IARMD comprised 2 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 Accounts.

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.

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.

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 11 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, power plant and construction projects, review of joint venture agreement for a property development project, COVID-19 compliance with standard operating procedures at workplace and project sites, and ISO management system and procedures.

(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 2020 Annual Report, at the AC meeting held on 22 February 2021.

(e) Prepared and tabled the status of implementation and progress of ABMS, at the AC meetings held on 22 February 2021, 24 May 2021, 23 August 2021, 23 November 2021 and 22 February 2022.

(f) Prepared and tabled for the AC's approval, the risk-based internal audit plan for 2021-2024, at the AC meeting held on 24 May 2021. The areas which were covered in the audit plan included construction and property projects, concession assets, precast and central purchasing.

(g) Prepared and tabled for the AC's approval, the risk-based 3-year internal audit plan for 2022-2024 covering the construction and property projects, concession assets, precast, enterprise risk management, central purchasing, payment processes and ABMS, at the AC meeting held on 23 November 2021.

(h) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the AC meeting held on 22 February 2022.

In February 2021, the AC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2020. 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 22 February 2021. Overall, the AC was satisfied with the performance of the IARMD. Certain areas which required improvement were also highlighted.

In February 2022, the AC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2021, which covered the areas mentioned above. The results of the evaluation were tabled at the AC meeting held on 22 February 2022. 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 2021 amounted to RM276,733.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present the Statement of Risk Management and Internal Control pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities and the recommendations of MCCG 2021 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 Groups' 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. The 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.

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
  - 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 R.K.M. Powergen Private Limited, 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.
  - The Group has 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, risk management system and controls to 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

- 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 25 February 2022.

SUSTAINABILITY STATEMENT

Skyvilla Residences at Batu Kawah New Township, Kuching which promotes city living amongst lush greenerie is the winner of Best High-Rise Residential Developtment awarded by the Sarawak Housing Developrs' Association (SHEDA)

Mudajaya Group Berhad ("Mudajaya") reaffirms its commitment towards embracing the tenets of sustainability in a comprehensive and meaningful manner throughout its value chain.

As a Malaysian based public listed company that is involved in the construction, property, power as well as trading & manufacturing sectors, Mudajaya strongly believes that placing sustainability front-and-center of its corporate vision and strategy is a critical factor towards delivering tangible value creation for all its stakeholders.

We at Mudajaya understand that the way we conduct our business must transcend the pursuit of profits and include how we manage the impact of our operations from an Economic, Environment and Social (EES) perspective.

Naturally, establishing a fully sustainable organisation is an ever-expanding and ever-learning process. There is a consistent need to monitor and identify critical materiality matters and put into place measures to achieve effective and measurable progress.

Our efforts to realise excellence in the area of sustainability is guided by the United Nation's Sustainable Development Goals (UNSDG), which is the global blueprint aimed at achieving a better and more sustainable future for all.

Driven by the UNSDG, this Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide 2nd Edition issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") as required under the Listing Requirements of Bursa Malaysia [paragraph 9.45(2) and paragraph (29), Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9).

This Statement covers Mudajaya's sustainability disclosure for the period of 1 January to 31 December 2021.

In this Statement, we hope to share with you our overall approach to sustainability while outlining new initiatives carried out across our operations during the year under review. These initiatives are categorised into the four key pillars, namely Economic (Marketplace), Environment, Social (Workplace) and Social (Community).

SUSTAINABILITY STATEMENT
(CONTINUED)

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Economic	8 DECENT WORK AND ECONOMIC GROWTH	Promote economy generation through development of projects that are local labour-intensive Promote local economy through support on local procurement Sustainable urbanisation	Less dependency on unskilled foreign labour force Support small and medium-sized suppliers Align to Government's policy to acquire products and services locally first for all our projects and developments Construction of infrastructure and help in the rural development	• % of foreign workers / total workers in each project • pre-fabrication technologies/IBS – to reduce dependency on labours • % of local suppliers/procurement • % of construction materials sourced locally • Pan Borneo project in East Malaysia
Economic	10 REDUCED INEQUALITIES	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	Ensure equal opportunity and reduce inequalities by providing a diverse work culture that promotes better hiring and retention of talent. Uphold recruitment policies which strongly emphasise on diversity in talent acquisition and development. Do not practise any form of discrimination; we welcome all social groups regardless of racial or ethnic origin, age, gender, marital status or disability.	• % of employee by gender, ethnicity, age group.
Economic	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Maintain highest standards of ethical business conduct across the Group operation. Promoting corruption and bribery free culture. To prevent violence in our workplace.	• First construction company in Malaysia certified for ISO 37001: 2016 Anti-Bribery Management System with accreditation from UKAS. • To maintain ISO 37001 Certification. • To maintain zero bribery and corruption incidents across Mudajaya's business operation. • To be constituent of FTSE4Good Bursa Malaysia Index in next 2-3 years. • A formal induction and orientation programmes for all new hires to equip them with awareness on code of conduct, company policies and grievance guidance. • A proper channel for whistleblowing.

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Environment	7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for the nation.	Implement and promote renewable energy at townships and developments	Participating in the renewable energy projects • 49MW solar photovoltaic plant in Sungai Siput • 10MW solar photovoltaic plant in Gebeng Rooftop solar panel in Menara Mudajaya LRT3 GS01 using solar powered spot lighting and electrical appliances for all guard posts
Environment	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	Promoting Integrate water recycling system, an improved water management approach through on-site treatment plant. Minimise the use of natural resources and the emissions of waste and pollutants over the life cycle of the service or product. Reduce construction waste via reuse, recycle and re-engineering. Implement Energy Saving Drives and Water Conservation Programme in HQ and Site Offices.	• To reuse and recycle water in the construction sites • Rainwater harvesting in Menara Mudajaya <u>Lower material waste in construction site</u> • pre-fabrication technologies/IBS • Efficient concrete usage for building components <u>Compost materials waste</u> • partnership with organisations, who use waste streams as input • reuse construction waste as landscape element • Unused short bars and tendon in precast manufacturing sites to be recycled. • Recycling bins placed at project sites and Menara Mudajaya. All the recyclables, such as papers, glass, metals, plastics to be sent to recycling agencies. • Waste diversion from landfills through recycling and source reduction activities. • To reduce water consumption (HQ / Site) • To reduce monthly energy consumption of electricity usage (HQ / Site)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Environment	13 Climate Action	To combat climate change and its impacts	Promote national carbon reduction targets and policies through various technological implementation and initiatives such as conservation and carbon offset programme	Air-conditioning system is designed with indoor temperature between **23˚C to 26˚C**. Electric vehicle charging stations located at Menara Mudajaya car park Participating in the annual event such as Earth Hour to increase awareness on climate change
Environment	15 Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems	Promote and educate the conservation of environment	Tree planting in our township development Water retention pond in construction site
Social	3 Good Health and Well-Being	Ensure healthy lives and promote well-being for all at all ages.	Recognise the 8 core conventions under International Labour Law Comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) Launch and implement safety and health programme. Adopt industry good practices across our project sites.	• Ensuring compliance with laws working hours and wages • Prompt detection, tracing and isolation in our quarters during the Covid-19 pandemic outbreak. • Encourage all the workers to participate in National Covid-19 Immunisation programme. • To provide & maintain safe, hygienic and clean accommodation for our workers. • To maintain zero fatality for all projects. • To keep track and reduce loss time injury frequency rate ("LTIFR") less than 1.0 for all projects. • To achieve 5 STAR rating for SHASSIC Assessment. • To maintain a good ventilation system in our workplace and workers accomodation to reduce the risk of COVID-19 transmission.
Social	4 Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Promoting work-related trainings. Promoting community investments and development.	• Number of training hours on safety and health, upskilling and reskilling • Engaging with others to provide scholarship

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Social	5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	Increase female participation in our workforce	Retain more female employees in the workforce by offering options to women to raise their family amid career development such as extended maternity leave and Flexi Work Arrangement to accommodate to the needs of working mothers. Number of women on board.
Social	11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable.	Reduce carbon emissions in our Township and buildings.	Batu Kawah New Township & 10 DH - Green Township with lush greeneries and more than 100 flora & fauna in the vicinity. 100% smoking free zone in Menara Mudajaya. A designated smoking area is located opposite the building.
			Support government affordable housing scheme for B40 & M40 group	Introduce Rent-to-Own scheme and promote sale packages under the Home Ownership campaign (HOC) to assist the public to own a home.

***THE CENTRAL PARK**: The densely treed landscape and the picturesque park are specially designed to form an idyllic gateway to the township.*

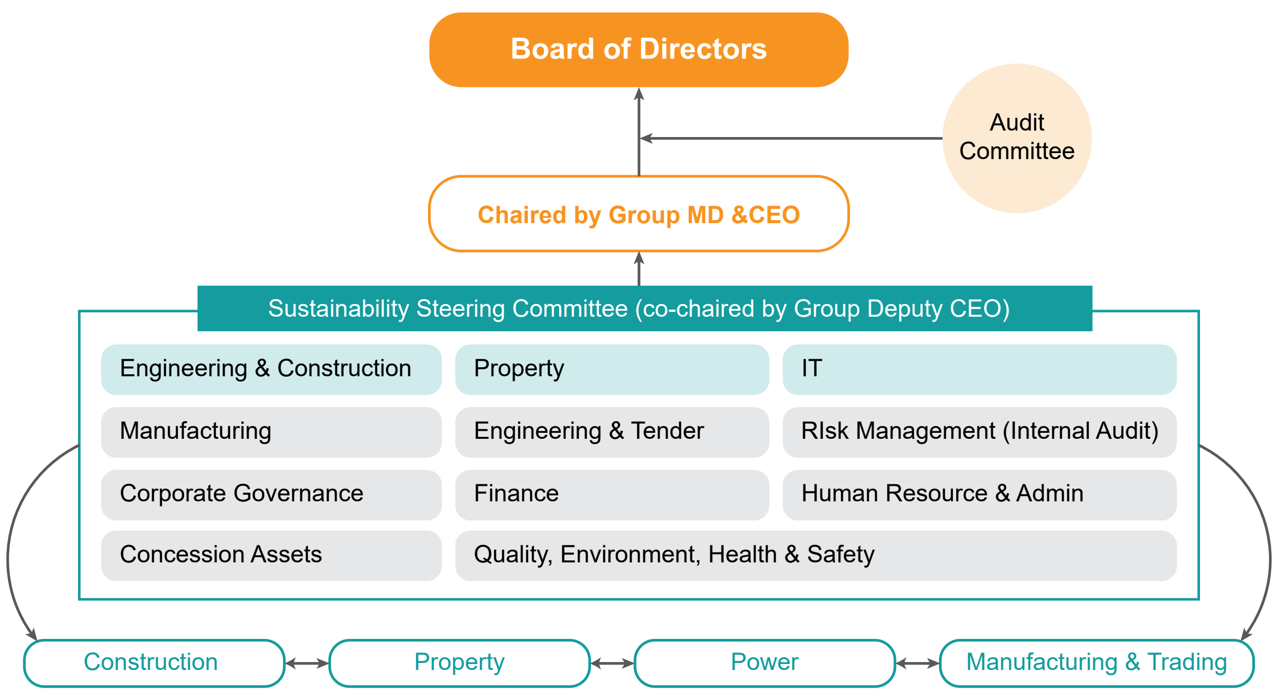
SUSTAINABILITY GOVERNANCE

A Sustainability Steering Committee ("SSC") was formed in 2021 and is responsible for managing all related information and performs assessments on sustainability related programmes. The SSC act as sustainability ambassador to promote sustainability within the Group and its role covers the following focus areas:

- Consolidate sustainable development initiatives across the Group for reporting and analysis
- Advise business units on the use of performance indicators and goal settings for their activities, projects and programmes
- Increase awareness amongst internal stakeholders of the UNSDGs

With the support of SSC, Mudajaya's Chief Executive Officer oversees the sustainability matters for the Group that include setting the direction, targets and driving the Group's objectives on sustainability. The CEO regularly updates the Board of Directors via the Audit Committee on progress and performance of the Group's sustainability strategy. In this regard, the Board provides general oversight and sets the aspirations of the Group on sustainability matters.

MUDAJAYA'S SUSTAINABILITY GOVERNANCE STRUCTURE



APPROACH TO SUSTAINABILITY

Mudajaya's approach to sustainability starts with the resolve to ensure that we operate our business responsibly and in an ethical manner. We also aim to safeguard the health and welfare of our employees while investing to train, develop and retain our talent effectively. As a public listed company with operations in Malaysia and internationally, we understand that the continued growth and success of our business is predicated on the value we create and deliver to our nation, host countries, communities we operate in, shareholders and stakeholders at large. At the same time, we are also committed towards the sustainable use of natural resources and practice environment conservatism as we seek to deliver our core capabilities in the construction, property, power and trading & manufacturing.

SUSTAINABILITY STATEMENT
(CONTINUED)

OUR THREE-YEAR SUSTAINABILITY ROADMAP

Following engagements with our internal and external stakeholders, Mudajaya's three-year sustainability roadmap is further refined and cover three focus areas in Sustainability, namely Economic, Environmental and Social.

ECONOMIC (MARKETPLACE)

MUDAJAYA IS MINDFUL OF THE FACT THAT OUR CORE BUSINESS ACTIVITIES ARE CONDUCTED WITHIN CRITICAL SECTORS OF THE MALAYSIAN ECONOMY AND ARE INTEGRAL TOWARDS NATION BUILDING. MOREOVER, WE ALSO CARRY THE MALAYSIAN FLAG OVERSEAS AND AS SUCH, IT IS IMPORTANT FOR OUR ORGANISATION TO OPERATE IN AN ETHICAL AND SUSTAINABLE MANNER, COMPLEMENTED BY HIGH LEVELS OF CORPORATE GOVERNANCE. IN VIEW OF THIS, MUDAJAYA HAS BEEN STEADFAST IN EMBRACING AND PROMOTING CORPORATE BEST PRACTICES NOT ONLY INTERNALLY BUT ALSO EXTERNALLY, INVOLVING OUR SUPPLIERS, VENDORS AND BUSINESS PARTNERS. OUR INTENTION IS TO UPLIFT OUR ECO-SYSTEM OR MARKETPLACE COLLECTIVELY IN THE AREA OF SUSTAINABILITY AND PROFESSIONAL CONDUCT.

Regulatory Compliance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Mudajaya has put in place a series of comprehensive Standard Operating Procedures (SOP) and robust polices that are aimed to ensure our operations comply with all applicable laws and regulations. We also strive to make sure that all our employees understand and are able to observe these SOPs as they perform their duties. We are pleased to note that Mudajaya and its subsidiary companies have not been penalised for breach of regulations during the year under review.

As a Group, we also pay close attention towards complying with recognised international standards and accreditation in order to benchmark our operations against best business practices. To date, our accreditations include ISO 37001:2016 certification for our Anti-Bribery Management System (ABMS); ISO 45001:2018 certification for occupational health, safety and environment management practices; and ISO 14001:2015 certification for our environmental management system, which surpasses international environmental standards.

Whistle Blowing Policy

As part of our commitment towards ethical and sustainable best practices as well as in accordance with good corporate governance practices, we have also put in place a whistle blowing policy that will enable our employees as well as our stakeholders to raise concerns in relation to any wrongdoing.

This policy also includes safeguards to ensure whistleblowers are free from any forms of reprisal. Whistleblowers are encouraged to bring up concerns directly to the Chairman of the Audit Committee. The Intergity Officer of ABMS is tasked with the administration, interpretation and application of our Whistle Blowing policy.

Anti-Bribery Policy

Mudajaya has imposed its ABMS requirements on all suppliers via its 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.

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 may result in disciplinary action including dismissal, fines and imprisonment.

Supplier Code of Conduct

At Mudajaya, we have always been committed towards supporting local businesses and nurturing them to be world class players. When it comes to external parties including our vendors, suppliers and business partners, we have also put in place a Supplier Code of Conduct that they have to comply with in order to conduct business with Mudajaya.

This Code of Conduct has been tailored to inspire our suppliers to inculcate sustainability and best practices in their respective operations. At the same time, it also ensures that they are treated equally and fairly, free from exploitation, through a progressive procurement and supplier assessment system embedded in the Supplier Code of Conduct.

It has been a standing policy in Mudajaya that our suppliers' performance is reviewed every six (6) months (including ABMS Compliance) in order to maintain quality of service, ensuring compliance to our policies and safeguarding delivery on contractual obligations.

Training & Development

Mudajaya continues to cultivate and support our extensive network of contractors, suppliers and vendors in areas where we operate in. By prioritising product and services procurement towards local businesses, we can benefit from logistic cost savings and build positive rapport among surrounding communities while strengthening local economies through job creation and investments.

We continue to monitor and ensure that our projects utilizes locally sourced products and services as indicated in the assessments reported below:

Projects executed by Mudajaya	Percentage of locally source products and services
RAPID Packages at Pengerang	>80%
MRT Line 2 v207	>70%
LRT3 GS01	>95%
SUKE Street lighting, High Mast & Traffic Light System	>75%

Developing our employees' skill-set is a critical strategy to achieve Mudajaya's corporate goals and grow shareholders' value. Throughout the year, we have continuously strived to provide our employees at all levels with the right tools, knowledge and on-the-job training to enable them to carry out their respective task effectively and efficiently.

	2021	2020	2019
Employees' training hours	521	567	1,781

SUSTAINABILITY STATEMENT
(CONTINUED)

ENVIRONMENT

MUDAJAYA UNDERSTANDS THAT OUR CORE BUSINESS ACTIVITIES HAVE DIRECT AND INDIRECT IMPACT ON THE ENVIRONMENT. AS A SUSTAINABILITY-ORIENTED ORGANISATION, WE HAVE IDENTIFIED KEY AREAS WITHIN OUR VALUE CHAIN WHERE WE CAN PUT IN PLACE MEASURES, PROCESSES AND INNOVATIONS THAT CAN MITIGATE OUR OPERATIONAL FOOTPRINT WHILE ALSO IMPROVING EFFICIENCIES AND COST SAVINGS. IN ADDITION, OUR POWER GENERATION SEGMENT IS PRIMARILY INVOLVED IN RENEWABLE ENERGY, HENCE PROVIDING 'GREENER' SOLUTIONS WHILE MEETING THE ENERGY NEEDS OF GROWING COMMUNITIES.

Managing GHG Emissions and Wastewater Management

Reflecting our expertise in renewable energy, our headquarters at Menara Mudajaya features state-of-the-art solar panels that are expected to reduce CO2 emissions by approximately 5 tonnes per year. In addition to the solar panels installed in Menara Mudajaya, our headquarters also features an advanced rainwater harvesting system that allows us to conserve fresh water usage and generate cost savings. In 2021, we successfully collected an average of approximately 11,000 liters of rainwater per day, which translates into a cost saving of over RM9,000 per year. The success of this system has encouraged us to install the same system at SkyVilla Condominium in the foreseeable future.

Based on the efficiencies and cost savings achieved through these solar panels, the property segment is planning to install solar panels at SkyVilla Condominium, which is located in the new township of Batu Kawah. In order to reduce our carbon footprint pro-actively, we continue to maintain an effective tree preservation programme by integrating green areas in project designs and land development plans. We are also committed towards our tree preservation policy, which ensures that trees growing on original project sites are preserved whenever possible. Our construction segment also played a small but important role in managing its GHG emissions by installing d solar powered lighting at the LRT3 GS01 construction site to reduce the carbon footprint. This initiative continues to generate savings of more than 550kg per day in CO2 emissions, translating to approximately 206 tonnes per year.

Solar PV plants – 49MW in Sungai Siput, Perak and 10MW in Gebeng, Pahang solar have contributed 5.6% of the total operational capacity in Malaysia in year 2021. The clean and renewable energy and elimination of carbon are tabulated as follows:

	2021	2020	2019
Energy produced (GWh)	94	95	100
Carbon reduction (metric tonne per annum)	55	55	58

We are aware of the sustainability commitment in our foreign operation in India, 4x360 MW coal-fired power plant that taking effort in the conservation of energy by implementing Desuperheating line modification to reduce auxiliary power consumption.

Waste and Effluent Management

Mudajaya recognized the need to control erosion and sedimentation for our construction project sites, At the LRT3 GS01 site, six silt retention ponds were built to remove particles such as silt, clay and sand from rainwater before the discharged water flows into the river. The treated water from the silt retention ponds is recycled to clean vehicles leaving the site, while the stockpile of silt and sand bag are reused for flood mitigation fencing along the river bank close to the site.

The LRT3 GS01 construction site also installed an Active Treatment System (ATS) to trap and filter particles from water. Treated water will only be released into the river if it meets the Department of Environment (DOE) standards. Bi-annual audits from the DOE have so far yield positive results.

In addition, a purposed-built scheduled waste storage area close to the LRT3 was erected to manage and store waste as well as used oil from vehicles and machineries. Empty containers will also be categorised, labelled and stored within this area. A dedicated licensed contractor has been appointed to manage waste and unused material.

Mudajaya also collaborated with the Ikano Power Centre recycling team, to put in place recycle bins at Menara Mudajaya. These recycle bins, which are currently located on the ground floor lobby and the B1 car park, will make it easier for our employees and tenants to drop off recyclable items as part of its role for responsible consumption.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

This is our first year in presenting the climate-related risk and opportunities to our businesses in accordance to the recommendations of the TCFD. Going forward, we hope to further embed the TCFD approach in our business strategy and operations to mitigate the adverse impacts of climate change.

Climate-related risk and opportunity assessment

PHYSICAL RISKS	Risk/Opportunity Impact
Acute	• Flood - property damage/loss. • Disruptions to business operations.
Chronic	• Rising temperatures/extreme weather – increase health risks to our employees.

TRANSITION RISKS	Risk/Opportunity Impact
Policy and legal	• Policy and regulatory changes - GHG emissions reduction policies including carbon taxation. • Legal liabilities – sanction from the pollution
Technology	• Obsolescence of the higher emissions technologies, replaced with new low-carbon technologies.
Market	• Actual project costs exceeding the project budget – increase in scope due to low carbon compliance, increase in material costs (materials that higher carbon consumption). • Assets impairment – decline in the demand for products that emit greenhouse gas.
Reputation	• Negative stakeholder perception, concern or feedback on carbon intensive factors.

SUSTAINABILITY STATEMENT
(CONTINUED)

Climate-related risk and opportunity assessment (Cont'd)

OPPORTUNITIES	Risk/Opportunity Impact
Resources efficiency	• Adopting IBS system in the construction – improve productivity, enhance quality and upskilling of local workforce.
Products and services	• Low emissions in construction materials and precast manufacturing – better competitive position to reflect shifting consumer preferences. .
Resilience	• Sustainable construction approach – reduction of construction waste to landfill, reduction in non-renewable energy use and sustainable supply chain.
Energy source	• Promoting CO2 emission saving from renewable solar energy. • Increase in water recycled from rainwater harvesting system.
Market valuation	• Increase in capital availability as more investors favor low-emission producers. • Increase in properties value – increasing tenants/property buyers attractiveness with CO2 avoidance facilities, such as recycling bins, solar panels and trees planting in the township.

Metrics and targets disclosure review

Risks	5- years targets
Environmental: Acute, Chronic Market	All on-going construction sites and property sites are ISO 14001: 2015 (Environmental Management Systems) compliant.
	Smoking-free in Menara Mudajaya and all the construction sites.
	At least 20% of electricity from renewable energy sources.
	100 Gwh of clean and renewable energy produced and eliminate over 55,000 metric ton of CO2 per annum.
	Rainwater harvesting system in Menara Mudajaya to collect average 10,000 litres of rainwater per day.
	To collect recyclables > 5kg per day in Menara Mudajaya.
	At least 10 acres land in Batu Kawah New Township planting more than 20 species of trees.
Social: Policy and legal Market, Technology, Reputation	All the suppliers must comply with all relevant laws, regulations and standards including human rights protection and child labour.
	Zero tolerance for discrimination, harassment, violence
	Zero tolerance for/towards avoidable incidents of fatalities for our employees
	To reach 40 learning and development hours of per employee
	To achieve 5 Star rating for CIDB's Safety and Health Assessment System in Construction (SHASSIC) assessment in all the construction projects.
Governance: Policy and legal	Zero tolerance for bribery and corruption.
	At least 20% of our Board of Directors are women.

SOCIAL (WORKPLACE)

THE PRIMARY ENGINE OF GROWTH FOR MUDAJAYA IS DRIVEN BY THE CAPABILITIES AND MORALE OF OUR EMPLOYEES. AS AN ORGANISATION, WE ARE COMMITTED TOWARDS ATTRACTING, DEVELOPING AND RETAINING TALENT WHO HAS BOTH THE APTITUDE AND ATTITUDE TO EXCEL IN HIS OR HER JOB. WE ALSO INVEST IN CREATING A CONDUCIVE AND SAFE WORKING ENVIRONMENT BASED ON HUMAN RESOURCES BEST PRACTICES WHILE TAKING INTO ACCOUNT NEW WORK PROCESSES THAT STEM FROM THE GLOBAL PANDEMIC.

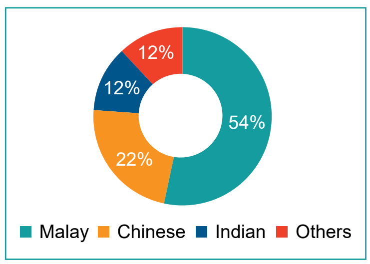
Diversity and Inclusion

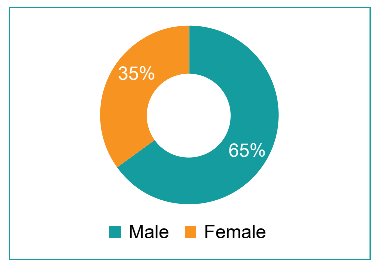
10 REDUCED INEQUALITIES

Mudajaya recognizes the strength in diversity and as such our talent recruitment process is focused to create and maintain a diverse and inclusive workforce, where people from different backgrounds and culture can work harmoniously together and contribute to the growth and success of our group.

We have also put in place robust policies to reaffirm our stance against any form of discrimination be it from a race, age, gender, sexual orientation, marital status or disability, perspective.

In terms of racial background for our Malaysian operations, the majority remains those who are of ethnic-Malay (54%), followed by ethnic- Chinese at 22%, Indians at 12% and others at 12%. In terms of gender, the male employees make up 65% while female accounts for 35%.





Occupational Health and Safety

3 GOOD HEALTH AND WELL-BEING

A healthy and happy employee is a productive employee. Mudajaya continues to invest in efforts to safeguard our employees' welfare and safety through scheduled training, improved facilities and progressive policies.

For our employees who work at our project sites, we provide quality and well-planned workers' accommodations that are in compliance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.

We also pay close attention on ensuring a safe and healthy Centralised Labour Quarters (CLQs) for the MRT V207 & LRT3 GS01 project sites. The CLQs are inspected by Jabatan Tenaga Kerja annually.

In addition, Mudajaya has put in place a Health, Safety and Environmental Policy to protect our employees from daily operational hazards while preserving the environment. Via this policy, personnel and contractors who perform tasks with significant environmental and occupational health and safety risk are required to undergo adequate training as we work to reduce injuries and workplace accidents in accordance to our ISO 45001:2018 certification. As at 31 December 2021, we recorded a loss time injury frequency rate ("LTIFR") of less than 1 for each project and have successfully achieved a 5 Star rating for **CIDB**'s Safety and Health Assssment System in Construction (**SHASSIC**) assessment.

SOCIAL (COMMUNITY)

AS A SOCIALLY RESPONSIBILY CORPORATE CITIZEN, MUDAJAYA HAS AND WILL CONTINUE TO ADD VALUE TO THE LIVES OF PEOPLE IN AND AROUND THE AREAS WHERE WE OPERATE. IN SPITE OF THE DISRUPTIONS CAUSED BY THE PANDEMIC, the MUDAJAYA FAMILY HAS REMAINED STEADFAST IN OUR EFFORTS TO HELP THOSE WHO ARE IN NEED IN A TANGIBLE AND MEANINGFUL WAY.

In 2021, our team was at the forefront of a community assistance programme where they helped distribute food and supplies to disadvantaged families and flood victims residing in Kampung Sungai Kayu Ara, Selangor which is located close to our LRT3 project site.

Mudajaya also participated with Tenaga Nasional Berhad in a charitable contribution to dialysis centres during the covid pandemic period of 2021.

RKM is regulated under The Rehabilitation and Resettlement Bill, 2007 where the land sellers who displaced by the land acquisition purchases were employed in the operation with the sufficient training and skill development. At present, a total of 468 people are being employed (land sellers -374, non land sellers -62 and casual labourers - 32)

Engaging Our Communities

Majlis Sumbangan Makanan Covid-19 at Dewan Kuliah Masjid Al-Mukmuriah on 16 December 2021. 317 households were selected together with the Ketua Kampung for this food donation event which amounted to RM12,000.

MCB LRT3 GS01 staff and workers helping the flood victims to clean up the flood affected areas at Johan Setia on 25-27 December 2021.

FINANCIALS

FINANCIAL STATEMENTS

DIRECTORS' REPORT
For the year ended 31 December 2021

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 2021.

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
Profit/(Loss) for the year attributable to:		
Owners of the Company	6,420	(185,618)
Non-controlling interests	1,660	-
	8,080	(185,618)

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' Amin Rafie bin Othman
James Wong Tet Foh
Lee Eng Leong
Chew Hoy Ping
Dato' Wong Peng Chong (Resigned on 13 May 2021)
Dato' Yusli bin Mohamed Yusoff (Passed away on 10 March 2022)

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

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the 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 ordinary shares			
	At 1.1.2021	**Acquired**	**Sold**	**At 31.12.2021**
Interest in the Company:				
Lee Eng Leong	-	700,000	-	700,000

None of the other Directors holding office at 31 December 2021 had any interest in the 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM397,730,000 to RM540,480,000 (which includes RM38,426,000 warrant reserve) by way of rights issue of 648,862,166 new ordinary shares of RM0.22 each in the Company together with 648,862,166 free warrants on the basis of 1 Warrant for every 1 Right Share in the Company.

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

As at 31 December 2021, the total numbers of warrants that remained unexercised were 648,862,166.

There were no debentures issued during the financial year.

ISSUE OF WARRANTS

During the financial year, the Company issued 648,862,166 warrants pursuant to the Rights Issue on the basis of 1 warrant for every 1 Right Share subscribed for by the entitled shareholders of the Company.

The warrants are valid for exercise for a period of 2 years from its issue date and will expire on 3 October 2023. During this period, each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 4 October 2021 to 3 October 2023, at an exercise price of RM0.22 per Warrant in accordance with the Deed Poll dated 29 June 2021. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

DIRECTORS' REPORT
For the year ended 31 December 2021
(CONTINUED)

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. The ESOS has expired on 29 September 2021. All unexercised share options automatically lapsed upon expiry of the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 21 to the financial statements.

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 8 and Note 10 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

DIRECTORS' REPORT
For the year ended 31 December 2021
(CONTINUED)

AUDITORS

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

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

James Wong Tet Foh
Director

Lee Eng Leong
Director

Petaling Jaya

Date: 15 April 2022

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	23,443	26,695	173	16
Right-of-use assets	4	39,391	44,735	-	265
Investment properties	5	50,843	51,718	-	-
Intangible asset	6	8,053	8,673	-	-
Service concession assets	7	285,084	302,622	-	-
Investments in subsidiaries	8	-	-	221,520	378,411
Investments in associates	9	17,455	9,695	-	-
Other investments	10	21,936	936	-	-
Deferred tax assets	11	2,066	2,066	-	-
Total non-current assets		448,271	447,140	221,693	378,692
Inventories	12	112,697	130,172	-	-
Other current assets	13	152,361	152,361	-	-
Contract assets	14	19,282	51,476	-	-
Trade and other receivables	15	120,759	136,401	194,361	72,561
Tax recoverable		3,405	3,047	133	18
Derivative financial assets	16	1,197	-	-	-
Cash and cash equivalents	17	146,726	311,200	3,481	138
Total current assets		556,427	784,657	197,975	72,717
Total assets		1,004,698	1,231,797	419,668	451,409
Equity					
Share capital		502,054	397,730	502,054	397,730
Warrant reserve		38,426	-	38,426	-
Employees' share option reserve		-	10,278	-	10,278
Foreign currency translation reserve		2,095	2,866	-	-
Accumulated losses		(280,280)	(297,070)	(223,479)	(48,231)
Equity attributable to owners of the Company	18	262,295	113,804	317,001	359,777
Non-controlling interests		31,907	35,970	-	-
Total equity		294,202	149,774	317,001	359,777

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2021
(CONTINUED)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Liabilities					
Loans and borrowings	19	305,937	445,290	83,461	-
Lease liabilities		42,573	44,508	-	-
Refundable deposits		2,365	2,204	-	-
Deferred tax liabilities	11	11,648	10,125	-	-
Total non-current liabilities		362,523	502,127	83,461	-
Loans and borrowings	19	174,806	399,615	15,500	80,632
Lease liabilities		1,225	1,752	-	108
Trade and other payables	20	148,420	167,018	3,706	10,892
Contract liabilities	14	20,486	3,759	-	-
Tax liabilities		3,036	4,938	-	-
Derivative financial liabilities	16	-	2,814	-	-
Total current liabilities		347,973	579,896	19,206	91,632
Total liabilities		710,496	1,082,023	102,667	91,632
Total equity and liabilities		1,004,698	1,231,797	419,668	451,409

The notes on pages 108 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 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations					
Revenue	22	288,688	347,698	-	-
Cost of sales	23	(233,024)	(330,191)	-	-
Inventories written down to net realisable value		(1,509)	(4,843)	-	-
Other current assets written down to net realisable value		-	(46,936)	-	-
Others		(231,515)	(278,412)	-	-
Gross profit		55,664	17,507	-	-
Other income		33,340	128,951	23,005	9,704
Gain on remeasurement of other investment		21,000	-	-	-
Reversal of impairment loss on investment in associates		-	111,045	-	-
Reversal of impairment of financial instruments and contract assets		-	-	14,289	-
Others		12,340	17,906	8,716	9,704
Administrative expenses		(34,964)	(25,217)	(5,620)	(2,778)
Other expenses		(4,629)	(2,192)	(196,590)	-
Allowance for impairment of financial instruments and contract assets		(4,629)	(2,192)	-	(26,515)
Impairment loss on investment in subsidiaries		-	-	(196,590)	-
Results from operating activities	25	49,411	119,049	(179,205)	(19,589)
Finance costs	27	(44,430)	(51,451)	(6,351)	(6,519)
Share of profit/(loss) of equity accounted associates, net of tax		7,760	(109,189)	-	-
Profit/(Loss) before tax		12,741	(41,591)	(185,556)	(26,108)
Tax expense	28	(4,661)	(3,544)	(62)	(336)
Profit/(Loss) for continuing operations		8,080	(45,135)	(185,618)	(26,444)
Discontinued operation					
Loss from discontinued operation, net of tax		-	(141)	-	-
Profit/(Loss) for the year		8,080	(45,276)	(185,618)	(26,444)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
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		(790)	221	-	-
Total comprehensive income/(expense) for the year		7,290	(45,055)	(185,618)	(26,444)
Profit/(Loss) attributable to:					
Owners of the Company		6,420	(47,919)	(185,618)	(26,444)
Non-controlling interests		1,660	2,643	-	-
Profit/(Loss) for the year		8,080	(45,276)	(185,618)	(26,444)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		5,649	(47,705)	(185,618)	(26,444)
Non-controlling interests		1,641	2,650	-	-
Total comprehensive income/(expense) for the year		7,290	(45,055)	(185,618)	(26,444)
Earnings/(Loss)/Diluted earnings/(loss) per ordinary share (sen):					
Basic and diluted loss per share	29	0.82	(7.86)		

The notes on pages 108 to 198 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2021

Group	Note	Attributable to owners of the Company — Non-distributable: Share capital RM'000	Treasury shares RM'000	Employees' share option reserve RM'000	Foreign currency translation reserve RM'000	Distributable: Accumulated losses 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	18(a)	14,086	-	-	-	-	14,086	-	14,086
Cancellation of treasury shares	18(c)	(9,528)	36,075	-	-	(26,547)	-	-	-
Share-based payment transaction	18(d)	-	-	(181)	-	181	-	-	-
Grant of equity-settled share options to employees	21	-	-	394	-	-	394	-	394
Total transactions with owners of the Company		4,558	36,075	213	-	(26,366)	14,480	-	14,480
Acquisition of a subsidiary		-	-	-	-	-	-	393	393
Others		-	-	-	115	-	115	-	115
		-	-	-	115	-	115	393	508
At 31 December 2020		397,730	-	10,278	2,866	(297,070)	113,804	35,970	149,774
		Note 18(a)	Note 18(b)	Note 18(d)	Note 18(e)				

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2021
(CONTINUED)

		Attributable to owners of the Company							
		Non-distributable				*Distributable*			
	Note	**Share capital**	**Warrant reserve**	**Employees' share option reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2021		397,730	-	10,278	2,866	(297,070)	113,804	35,970	149,774
Foreign currency translation differences for foreign operations		-	-	-	(771)	-	(771)	(19)	(790)
Profit for the year		-	-	-	-	6,420	6,420	1,660	8,080
Total comprehensive (expense)/income		-	-	-	(771)	6,420	5,649	(4,063)	1,586
Contribution by and distributions to owners of the Company									
Proceeds from rights issue	18(a)	104,324	38,426	-	-	-	142,750	-	142,750
Cancellation of share options	18(b)	-	-	(10,370)	-	10,370	-	-	-
Dividends to non-controlling interest		-	-	-	-	-	-	(5,700)	(5,700)
Grant of equity-settled share options to employees	21	-	-	92	-	-	92	-	92
Total transactions with owners of the Company		104,324	38,426	(10,278)	-	10,370	142,842	-	142,842
Acquisition of a subsidiary	8.2	-	-	-	-	-	-	(4)	(4)
At 31 December 2021		502,054	38,426	-	2,095	(280,280)	262,295	31,907	294,202
		Note 18(a)	Note 18(b)	Note 18(d)	Note 18(e)				

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2021
(CONTINUED)

Company	Note	Share capital RM'000	Warrant reserve 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 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	18(a)	14,086	-	-	-	-	14,086
Cancellation of treasury shares	18(b)	(9,528)	-	36,075	-	(26,547)	-
Share-based payment transactions	18(c)	-	-	-	(181)	-	(181)
Grant of equity-settled share options to employees	21	-	-	-	394	-	394
Total transactions with owners of the Company		4,558	-	36,075	213	(26,547)	14,299
At 31 December 2020/1 January 2021		397,730	-	-	10,278	(48,231)	359,777
Loss and total comprehensive expense for the year		-	-	-	-	(185,618)	(185,618)
Contribution by and distributions to owners of the Company							
Proceeds from rights issue	18(a)	104,324	38,426	-	-	-	142,750
Cancellation of share options		-	-	-	(10,370)	10,370	-
Grant of equity-settled share options to employees	21	-	-	-	92	-	92
Total transactions with owners of the Company		104,324	38,426	-	(10,278)	10,370	142,842
At 31 December 2021		502,054	38,426	-	-	(223,479)	317,001
		Note 18(a)	Note 18(b)	Note 18(c)	Note 18(d)		

The notes on pages 108 to 198 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- continuing operations		12,741	(41,591)	(185,556)	(26,108)
- discontinued operations		-	(141)	-	-
		12,741	(41,732)	(185,556)	(26,108)
Adjustments for:					
Amortisation of intangible asset	6	620	620	-	-
Amortisation of service concession assets	7	16,750	16,488	-	-
Interest income	24	(3,595)	(6,260)	(32)	(4)
Interest expense	27	44,430	51,451	6,351	6,519
Depreciation of property, plant and equipment	3	4,951	4,997	31	-
Depreciation of investment properties	5	933	1,046	-	-
Depreciation of right-of-use assets	4	2,776	4,584	77	102
Fair value (gain)/loss on derivative	25	(4,011)	2,303	-	-
Gain on remeasurement of other investment	25	(21,000)	-	-	-
Impairment loss on goodwill arising from acquisition of a subsidiary	25	17	24	-	-
Impairment loss on investment in subsidiaries	8	-	-	196,590	-
Loss on investment in a subsidiary written off	8.3	-	124	-	-
Gain on disposal of property, plant and equipment	24	(525)	(58)	-	-
Gain on disposal of right-of-use assets	24	(33)	-	-	-
Property, plant and equipment written off	25	954	-	-	-
Reversal of impairment loss of investment in an associate	25	-	(111,045)	-	-
Allowance for/(Reversal) of impairment of financial instruments and contract assets	25	4,629	2,192	(14,289)	26,515
Other current assets written down to net realisable value	25	-	46,936	-	-
Inventories written down to net realisable value	25	1,509	4,843	-	-
ESOS expenses	21	92	394	-	-
Reversal of overprovision of liquidated and ascertained damages	24	(760)	-	-	-
Fair value adjustment of service concession assets	25	-	(7)	-	-
Deferred income	24	-	(5,659)	-	-
Net unrealised loss/(gain) on foreign exchange	25	4,373	(2,936)	996	89
Share of (profit)/loss of equity accounted associates		(7,760)	109,189	-	-

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2021
(CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Operating profit before changes in working capital		57,851	77,494	4,168	7,113
Change in inventories		15,966	(11,736)	-	-
Change in contract assets		30,509	13,538	-	-
Change in trade and other receivables		17,264	23,523	-	20
Change in refundable deposits		161	3	-	-
Change in trade and other payables		(20,348)	(10,886)	3,375	(33)
Change in contract liabilities		18,412	(10,287)	-	-
Cash generated from operations		119,815	81,649	7,543	7,100
Tax paid		(5,398)	(7,969)	(177)	(292)
Tax refunded		-	2	-	-
Net cash generated from operating activities		114,417	73,682	7,366	6,808
Cash flows from investing activities					
Purchase of property, plant and equipment		(789)	(1,156)	-	(16)
Acquisition of a subsidiary, net of cash and cash equivalent required	8.2	(9)	(440)	-	-
Proceeds from disposal of property, plant and equipment		544	81	-	-
Additional expenditure in investment property	5	(58)	(191)	-	-
Addition in service concession assets	7	(19)	(2,024)	-	-
Repayment from/(Advances to) an associate		3,379	(48)		-
Advances to subsidiaries		-	-	(105,650)	(11,278)
Increase in investment in subsidiaries	8	-	-	(39,699)	-
Interest received		3,595	6,260	32	4
GST refunded on service concession assets	7	807	-	-	-
Change in pledged deposits		161,640	(3,040)	-	-
Net cash generated from/(used in) investing activities		169,090	(558)	(145,317)	(11,290)
Cash flows from financing activities					
Dividend paid to non-controlling interest		(5,700)	-	-	-
Issue of ordinary shares	18(a)	-	14,086	-	14,086
Proceeds from rights issue	18(a)	142,750	-	142,750	-
Repayment of loans and borrowings		(432,783)	(28,482)	-	-
Drawdown of loans and borrowings		15,500	2,302	15,500	-
Repayment to a subsidiary		-	-	(10,497)	(3,038)
Repayment for lease liabilities		(1,744)	(4,998)	(108)	(156)
Interest paid	27	(44,430)	(51,451)	(6,351)	(6,519)

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2021
(CONTINUED)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash (used in)/generated from financing activities	(280,357)	(68,543)	141,294	4,373
Net increase/(decrease) in cash and cash equivalents	3,150	4,581	3,343	(109)
Effect of exchange rate fluctuations on cash held	(5,984)	1,704	-	-
Cash and cash equivalents at beginning of year	59,935	53,650	138	247
Cash and cash equivalents at end of year	57,101	59,935	3,481	138

(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	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	17	45,023	40,411	3,481	44
Deposits placed with financial institutions	17	101,703	270,789	-	94
		146,726	311,200	3,481	138
Less: Pledged deposits	17	(89,625)	(251,265)	-	-
		57,101	59,935	3,481	138

(ii) Cash outflows for leases as a lessee

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Included in net cash from operating activities:					
Payment relating to short-term leases	25	(4,427)	(2,639)	-	-
Included in net cash from financing activities:					
Interest in relation to lease liabilities	27	(2,412)	(2,577)	(2)	(8)
Repayment of lease liabilities		(1,744)	(4,998)	(108)	(156)
Total cash outflows for leases		(8,583)	(10,214)	(110)	(164)

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2021
(CONTINUED)

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

	At 1.1.2020	Net changes from financing cash flows	Acquisition of new lease	Foreign exchange movement	At 1.1.2021	Net changes from financing cash flows	Acquisition of new lease	Disposal	Foreign exchange movement	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Euro Medium Term Notes ("EMTN")	163,547	-	-	(2,283)	161,264	(161,264)	-	-	-	-
Term loans	312,315	(6,214)	-	(3,997)	302,104	(124,326)	-	-	7,071	184,849
Revolving credits	130,500	(1,000)	-	-	129,500	(83,972)	-	-	-	45,528
Green SRI Sukuk Wakalah	245,000	(5,000)	-	-	240,000	(10,000)	-	-	-	230,000
Invoice financing	18,646	(14,261)	-	-	4,385	(4,385)	-	-	-	-
Bankers' acceptance	7,357	295	-	-	7,652	(2,786)	-	-	-	4,866
Advances from a shareholder	-	-	-	-	-	15,500	-	-	-	15,500
Net drawdown of loan and borrowings	877,365	(26,180)	-	(6,280)	844,905	(371,233)	-	-	7,071	480,743
Lease liabilities	50,904	(4,998)	354	-	46,260	(1,744)	52	(770)	-	43,798
Total liabilities from financing activities	928,269	(31,178)	354	(6,280)	891,165	(372,977)	52	(770)	7,071	524,541

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2021
(CONTINUED)

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

	At 1.1.2020 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2021 RM'000
Company							
Term loan	81,774	-	(1,142)	80,632	-	2,829	83,461
Advances from a shareholder	-	-	-	-	15,500	-	15,500
Amount due to subsidiaries	13,535	(3,038)	-	10,497	(10,497)	-	-
Lease liabilities	264	(156)	-	108	(108)	-	-
Total liabilities from financing activities	95,573	(3,194)	(1,142)	91,237	4,895	2,829	98,961

The notes on pages 108 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 2021 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 year ended 31 December 2021 do not include other entities.

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 15 April 2022.

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 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian 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)*

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 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112*, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are 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 and amendments to MFRS 17 which are not applicable to the Group and the Company.

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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. BASIS OF PREPARATION (cont'd)

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

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 property development and construction contracts costs. In making the judgement, the Group evaluates based on past experience and external economic factors.

(ii) Deferred tax assets

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 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) Impairment of investments in subsidiaries

The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date.

In assessing whether there is any indication that its investments in subsidiaries may be impaired, the Company considers the external and internal sources of information. The external sources include the market value of the investments, the significant changes in the market and economic environment in which the subsidiaries operate, market interest rate and other market rate of return on investments. The internal sources include corporate plan and evidence of internal reporting of the subsidiaries.

The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 8.

1. BASIS OF PREPARATION (cont'd)

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

(v) Fair value of other investments

The Company assesses the fair value of other investments based on discounted cash flow method.

In the process of determining the fair value of other investment, significant judgment is involved to estimate the ability of R.K.M. Powergen Private Limited ("RKM") to extend after the end of the signed power purchase agreement and the coal price during the concession period.

The carrying amount of the Group's other investment is disclosed in Note 10.

(vi) Net realisable value ("NRV") of properties held for sale and properties under development

The Company assesses the NRV of properties held for sale and properties under development based on estimated selling price in the ordinary course of business of comparable properties in close proximity less the estimated costs necessary to make the sale and estimated costs of completion.

In the process of determining the NRV, significant judgement is involved in identifying comparable properties and factoring in adjustments which are unique to the properties held by the Group.

The carrying amount of the Group's properties held for sale and properties under development is disclosed in Note 12 and Note 13.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

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.

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) 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.

(v) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

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.

(vi) 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.

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.

(vii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

- ***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.

- ***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)).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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

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.

  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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iii) 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.

(iv) 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.

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.

(v) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Recognition and measurement (cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases (cont'd)

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

(a) As a lessee (cont'd)

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.

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".

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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)(v).

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories

Inventories are measured 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 statement 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 as 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue and other income (cont'd)

(ii) Sale of development properties (cont'd)

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)).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) 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.

(u) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 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)
Reclassify from investment properties	5	-	248	-	-	-	-	248
Reclassify from right-of-use assets	4	-	-	-	3,943	-	5,755	9,698
Effect of movements in exchange rates		-	-	-	-	(6)	(2)	(8)
At 31 December 2020/1 January 2021		9,572	12,432	8,783	62,403	12,031	14,522	119,743
Additions		-	300	-	329	160	-	789
Disposals		-	-	-	-	(5)	(2116)	(2,121)
Written off		-	-	-	(2,331)	-	-	(2,331)
Reclassify from right-of-use assets	4	-	-	-	694	-	3,927	4,621
Effect of movements in exchange rates		-	-	-	-	5	5	10
At 31 December 2021		9,572	12,732	8,783	61,095	12,191	16,338	120,711

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 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)
Reclassify from investment properties	5	-	118	-	-	-	-	118
Reclassify from right-of-use assets	4	-	-	-	2,238	-	3,059	5,297
Effect of movements in exchange rates		-	-	-	-	(6)	(2)	(8)
At 31 December 2020/1 January 2021		-	4,264	6,139	58,590	11,384	12,671	93,048
Depreciation charged for the year		-	542	521	1,662	277	1,949	4,951
Disposals		-	-	-	-	(5)	(2,097)	(2,102)
Written off		-	-	-	(1,377)	-	-	(1,377)
Reclassify from right-of-use assets	4	-	-	-	411	-	2,327	2,738
Effect of movements in exchange rates		-	-	-	-	5	5	10
At 31 December 2021		-	4,806	6,660	59,286	11,661	14,855	97,268
Carrying amounts								
At 1 January 2020		9,572	7,991	3,175	3,475	1,146	669	26,028
At 31 December 2020/1 January 2021		9,572	8,168	2,644	3,813	647	1,851	26,695
At 31 December 2021		9,572	7,926	2,123	1,809	530	1,483	23,443

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Note	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020/1 January 2021		16	-	16
Reclassify from right-of-use assets	4	-	512	512
31 December 2021		16	512	528
Accumulated depreciation				
At 1 January 2020/31 December 2020/1 January 2021/ 31 December 2021		-	-	-
Depreciation charged for the year		5	26	31
Reclassify from right-of-use assets	4	-	324	324
31 December 2021		5	350	355
Carrying amounts				
At 1 January 2020		-	-	-
At 31 December 2020/1 January 2021		16	-	16
At 31 December 2021		11	162	173

Security

Certain buildings of the Group with carrying amount of RM1,168,000 (2020: RM1,200,000) and RM438,000 (2020: RM451,000) were pledged to secure the Group's term loan (Note 19(a)(v)) and revolving credit (Note 19(d)) respectively.

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 2020		45,118	308	2,725	5,215	53,366
Additions		205	107	42	-	354
Reclassify to property, plant and equipment		-	-	(1,705)	(2,696)	(4,401)
Depreciation charged for the year		(2,809)	(351)	(639)	(785)	(4,584)
At 31 December 2020/1 January 2021		42,514	64	423	1,734	44,735
Additions		-	13	39	-	52
Disposal		(737)	-	-	-	(737)
Reclassify to property, plant and equipment	3	-	-	(283)	(1,600)	(1,883)
Depreciation charged for the year		(2,520)	(57)	(66)	(134)	(2,776)
At 31 December 2021		39,257	20	113	-	39,391

Company	Note	Motor vehicles RM'000
At 1 January 2020		367
Depreciation charged for the year		(102)
At 31 December 2020/ 1 January 2021		265
Depreciation charged for the year		(77)
Reclassify to property, plant and equipment	3	(188)
At 31 December 2021		-

Transferred to property, plant and equipment

Upon the end of the lease periods, the Group reclassify the remaining carrying amount of the right-of-use assets to property, plant and equipment.

4.1 Restriction imposed by lease

The lease contracts for land restrict the Group's ability to sublease the leased assets. The land shall be used solely and exclusively for the solar panel facility.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. INVESTMENT PROPERTIES

Group	Note	Investment properties RM'000
Cost		
At 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 2020/1 January 2021		58,922
Additional expenditure in investment properties		58
At 31 December 2021		58,980
Accumulated depreciation		
At 1 January 2020		6,276
Transfer to property, plant and equipment	3	(118)
Depreciation charged for the year		1,046
At 31 December 2020/1 January 2021		7,204
Depreciation charged for the year		933
At 31 December 2021		8,137
Carrying amounts		
At 1 January 2020		52,413
At 31 December 2020/1 January 2021		51,718
At 31 December 2021		50,843

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 2021 RM'000	Group 2020 RM'000
Rental income			
- Revenue	22	4,599	4,718
- Other income	24	135	128
Property maintenance cost from income generating investment properties	23	(3,109)	(2,959)

5. INVESTMENT PROPERTIES (cont'd)

Fair value information

	Group	
	2021	2020
	RM'000	RM'000
Estimated fair value	81,086	81,086

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.

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 RM48,948,000 (2020: RM49,768,000) and its rental proceeds were pledged to secure the Group's revolving credits (Note 19(d)).

Certain investment properties with carrying amount of RM605,000 (2020: RM622,000) and RM618,000 (2020: RM635,000) were pledged to secure the Group's term loan (Note 19(a)(v)) and revolving credit (Note 19(d)) respectively.

Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Less than one year	3,524	3,369
One to two years	3,167	2,651
Total undiscounted lease payments	6,691	6,020

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

6. INTANGIBLE ASSET

Group	Intangible asset RM'000
Cost	
At 1 January 2020/31 December 2020/ 1 January 2021/31 December 2021	12,393
Accumulated amortisation	
At 1 January 2020	3,100
Amortisation for the year	620
At 31 December 2020/1 January 2021	3,720
Amortisation for the year	620
At 31 December 2021	4,340
Carrying amounts	
At 1 January 2020	9,293
At 31 December 2020/1 January 2021	8,673
At 31 December 2021	8,053

Intangible asset arising from interest over Renewable Energy Power Purchase Agreement ("REPPA")

The Intangible assets relates to the REPPA as discussed in Note 7.

Intangible assets have finite useful lives and are subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

7. SERVICE CONCESSION ASSETS

Group	Service concession assets RM'000
Cost	
At 1 January 2020	356,031
Additions	2,024
Fair value adjustments	7
At 31 December 2020/1 January 2021	358,062
Additions	19
GST refunded	(807)
At 31 December 2021	357,274
Accumulated amortisation	
At 1 January 2020	38,952
Amortisation for the year	16,488
At 31 December 2020/1 January 2021	55,440
Amortisation for the year	16,750
At 31 December 2021	72,190
Carrying amounts	
At 1 January 2020	317,079
At 31 December 2020/1 January 2021	302,622
At 31 December 2021	285,084

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. The service concession asset of SUSB was pledged to secure the term loans (Note 19(a)(iii)).

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 expiring on the day before 21 years of the commercial operation date of the facility. The service concession asset of SUSB was pledged to secure the Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah (Note 19(b)).

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
(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES

		Company	
		2021	2020
	Note	RM'000	RM'000
At cost:			
Unquoted shares			
At 1 January		317,771	317,771
Additions:	(i)	39,699	-
Less: Impairment loss	(ii)	(196,590)	-
		160,880	317,771
Amount due from a subsidiary	(iii)	60,640	60,640
		221,520	378,411

(i) Subscription of shares in a subsidiary

On 31 March 2021, the Company subscribed for 39,699,000 ordinary shares in the share capital of Mudajaya Corporation Berhad ("MCB"), a wholly owned subsidiary at an issue price of RM1.00 per share and the consideration is by way of capitalisation of the amount owing by MCB to the Company amounted to RM39,699,000.

(ii) Impairment loss of investments in subsidiaries

Impairment losses are recognised based on the excess of carrying amount over recoverable amount.

The cost of investment in MCB exceeded their net assets arising from the downturn of MCB's operation loss and no new projects were secured in the current year. This resulted in an impairment of RM196,590,000 being recognised during the year.

The recoverable amount of the investment in MCB is estimated based on its value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the subsidiaries based on the following key assumptions:

- revenue was projected for 5 years based on secured projects and tendered projects;
- gross profit margins are based on the estimated achievable historical rates;
- a pre-tax discount rate of 11.0% was applied.

The above estimates are particularly sensitive in the following areas:

- An increase of 1% percentage point in the discount rate used would have increased the impairment loss by RM1,879,000.
- A decrease 1% of future operating profit margin would have increased the impairment loss by RM1,359,000 and vice versa.

(iii) Amount due from a subsidiary

The amount due from a subsidiary is unsecured, non-interest bearing and with no fixed term of repayment. Management is of the view that, in substance, the advances provided are similar to an interest in equity shares of the subsidiary. Accordingly, the amount due from a subsidiary is classified as an interest in the subsidiary.

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %	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	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
Entrutech Sdn. Bhd.	Malaysia	Engineering, procurement, construction and commissioning ("EPCC")	100	100	JW LEL TTT
Mudajaya Middle East Ltd. ("MMEL") #	Kingdom of Saudi Arabia	General construction and investment holding	75	75	YYC ASFJ MAAR AHAS NCK

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 2021 %	Effective equity interest 2020 %	Director*
Held through MCB:					
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
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
Sumber Jayakita Sdn Bhd ("SJSB") #	Malaysia	Investment holding	60	-	JW LEL
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

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 2021 %	Effective equity interest 2020 %	Director*
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	76	JW LEL TTT ATAG TAK
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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 2021 %	Effective equity interest 2020 %	Director*
Held through DPSB:					
Captain Profit Limited ("CPL") #	British Virgin Islands	Has not commenced operations	100	100	JW LEL
Double Ace Global Limited ("DAG") #	British Virgin Islands	Has not commenced operations	100	100	JW LEL
Held through CPL:					
Mudajaya Pacific Limited #	Hong Kong	Has not commenced operations	100	100	JW LEL
Held through DAG:					
Xelmont Limited #	British Virgin Islands	Has not commenced operations	100	-	JW LEL

Not audited by KPMG PLT
* The directors who served as at date of report

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. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.2 Acquisition of subsidiary and non-controlling interests

On 9 April 2021, the Group acquired 60% shares in Sumber Jayakita Sdn Bhd ("SJSB") for RM10,058, satisfied in cash. SJSB is principally engaged as investment holding company. As a result of the acquisition, SJSB became the indirect subsidiary of the Company.

On 23 September 2021, DAG incorporated a limited company known as Xelmont Limited ("the Company"). As a result of the incorporation, the Company became the 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 following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group	
	2021	2020
	RM'000	RM'000
Fair value of consideration transferred		
Cash and cash equivalents	10	1,267

Identifiable assets acquired and liabilities assumed

	Group	
	2021	2020
	RM'000	RM'000
Other receivables	1	840
Cash and cash equivalents	1	827
Other payables	(13)	(31)
Total identifiable net (liabilities)/assets	(11)	1,636
Percentage of ownership interest and voting interest	60%	76%
	(7)	1,243

	Group	
	2021	2020
	RM'000	RM'000
Net cash outflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents	(10)	(1,267)
Cash and cash equivalents acquired	1	827
	(9)	(440)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.3 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
2021				
NCI percentage of ownership interest and voting interest	30%	40%		
Carrying amount of NCI	18,080	15,263	(1,436)	31,907
Profit/(Loss) allocated to NCI	593	1,273	(206)	1,660
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,257	61,343		
Current assets	76,912	5,445		
Non-current liabilities	(5,520)	(22,361)		
Current liabilities	(14,381)	(6,269)		
Net assets	60,268	38,158		
Year ended 31 December				
Revenue	11,045	11,421		
Profit for the year	1,978	3,182		
Total comprehensive income	1,978	3,182		
Dividends paid to NCI	4,500	1,200		

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

8.3 Non-controlling interest in subsidiaries (cont'd)

	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		

9. INVESTMENTS IN ASSOCIATES

	Group 2021 RM'000	Group 2020 RM'000
At cost		
Unquoted shares	16,849	951,030
Share of post-acquisition reserves	606	(865,481)
Less: Impairment loss	-	(75,854)
	17,455	9,695

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

9. INVESTMENTS IN ASSOCIATES (cont'd)

Name of associates	Note	Country of incorporation	Principal activities	Effective equity interest 2021 %	Effective equity interest 2020 %	Accounting model applied
Held by MCB:						
R.K.M. Powergen Private Limited ("RKM")	(i)	India	Power producer	-	19	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")		Malaysia	Development of public works department, Sarawak projects in the state of Sarawak	30	30	Equity method
Held through MPISB:						
PT Harmoni Energy Indonesia ("PT Harmoni")		Indonesia	Power producer	46	46	Equity method

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:

	2021			2020		
	RKM RM'000	PT Harmoni RM'000	MMJV RM'000	RKM RM'000	PT Harmoni RM'000	MMJV RM'000
Summarised statement of financial position						
Current assets	-	18,419	276,522	649,056	10,275	164,884
Non-current assets	-	118,196	7	6,892,025	122,838	5
Total assets	-	136,615	276,529	7,541,081	133,113	164,889
Current liabilities	-	(121,995)	(253,091)	(3,793,113)	(128,549)	(147,436)
Non-current liabilities	-	(2,344)	-	(5,658,769)	(6,431)	-
Total liabilities	-	(126,339)	(253,091)	(9,451,882)	(134,980)	(147,436)
Summarised statement of comprehensive income						
Profit/(Loss) for the year	-	12,966	5,985	(432,426)	3,266	1,182

9. INVESTMENTS IN ASSOCIATES (cont'd)

Summarised financial information (continued)

The reconciliation of summarised financial information presented above to the carrying amount of the Group's interest in material associates as follows:

	2021			2020		
	RKM	PT Harmoni	MMJV	RKM	PT Harmoni	MMJV
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net (liabilities)/assets at 1 January	(1,910,801)	(1,867)	17,453	(1,460,080)	(5,228)	16,265
Reclassified to other investment	1,910,801	-	-	-	-	-
Exchange rate movement	-	123	-	(18,295)	95	-
Profit for the year	-	12,966	5,985	(432,426)	3,266	1,182
	-	11,222	23,438	(1,910,801)	(1,867)	17,447
Interest in an associate	-	46%	30%	19.24%	46%	30%
Group's share of net assets/ (liabilities)	-	5,162	7,031	(367,638)	(859)	5,234

	RKM	PT Harmoni	MMJV	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Reconciliation of net assets carrying amount as at 31 December				
Group's share of net assets	-	5,162	7,031	12,193
Goodwill	-	7,783	-	7,783
Exchange rate movement	-	(718)	-	(718)
Impairment loss	-	(1,803)	-	(1,803)
Carrying amount in the statement of financial position	-	10,424	7,031	17,455
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

9. INVESTMENTS IN ASSOCIATES (cont'd)

(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 as at 31 December 2020.

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 carrying amount of the investment in RKM had been impaired to nil since 2019 and 2020.

During the financial year, the Group re-assessed the investment in RKM and concluded that they no longer have any significant influence over the investment in RKM and ceased equity accounting for the associate.

Accordingly, the investment in RKM was redesignated to other investment – Fair value through profit or loss (Note 10).

10. OTHER INVESTMENTS

		Group	
		2021	2020
	Note	RM'000	RM'000
Non-current			
Fair value through profit or loss			
- Shares	(i)	21,000	-
- Club memberships		936	936
		21,936	936

(i) Fair value of investment in RKM

The fair value of investment in RKM is determined by external valuers, having appropriate recognised professional qualifications. The fair value was measured based on income approach with significant unobservable inputs and categorised as Level 3 fair value. Changes in Level 3 fair values are analysed by the management every financial year after obtaining valuation report from the external valuers.

RKM has a 4x360MW Coal-Fired Independent Power plant in Chhattisgarh, India. The financial model was projected for 23 years based on signed power purchase agreements with tariff rate at the range from Rs 4.70/kwh to Rs 5.35/kwh.

10. OTHER INVESTMENTS (cont'd)

(i) Fair value of investment in RKM (cont'd)

A gain of RM21,000,000 arose from the remeasurement of the investment based on the key assumptions are as follows:

- existing medium term power purchase agreements with tariff rate at the range of Rs 3.80/kwh to Rs 4.20/kwh with the ability to extend after the signed power purchase agreements;
- a certain portion of the excess capacity of power energy can be sold via Indian Energy Exchange at Rs 3.34/kwh;
- coal price is estimated at the range of Rs 2,240/MT to Rs 2,553/MT;
- a pre-tax discount rate of 15% was applied.

The above estimates are particularly sensitive in the following areas:

- An increase of 1% in the discount rate used would have decrease the fair value by RM1,811,000.
- A decrease of 1% in future planned revenue would have decrease the fair value by RM14,118,000.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	-	(1,738)	(1,806)	(1,738)	(1,806)
Service concession assets	-	-	(49,476)	(44,432)	(49,476)	(44,432)
Investment properties	-	-	(2,475)	(2,632)	(2,475)	(2,632)
Right-of-use assets	-	-	(9,453)	(10,221)	(9,453)	(10,221)
Capital allowance carried forward	38,729	35,669	-	-	38,729	35,669
Lease liabilities	10,512	10,962	-	-	10,512	10,962
Others	4,319	4,401	-	-	4,319	4,401
Tax assets/(liabilities)	53,560	51,032	(53,688)	(43,179)	(9,582)	(8,059)
Set off for tax	(51,494)	(48,966)	51,494	48,966	-	-
Net tax assets/(liabilities)	2,066	2,066	(11,648)	(10,125)	(9,582)	(8,059)

11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movement in temporary differences during the year

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2021 RM'000
Group					
Property, plant and equipment	(2,692)	886	(1,806)	68	(1,738)
Service concession assets	(39,308)	(5,124)	(44,432)	(5,044)	(49,476)
Investment properties	(2,540)	(92)	(2,632)	157	(2,475)
Right-of-use assets	(10,738)	517	(10,221)	768	(9,453)
Capital allowance carried forward	32,476	3,193	35,669	3,060	38,729
Lease liabilities	11,037	(75)	10,962	(450)	10,512
Others	5,121	(720)	4,401	(82)	4,319
	(6,644)	(1,415)	(8,059)	(1,523)	(9,582)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM'000	Group 2020 RM'000
Tax loss carry-forward	136,983	127,132
Investment tax allowance carry-forward	253,370	254,150
Other deductible temporary differences	50,587	51,261
	440,940	432,543
Deferred tax assets at 24%	105,827	103,810

Deferred tax has not been recognised as there is insufficient future taxable profits available against which they can be utilised.

The unused tax losses can be carried forward for a maximum of 10 consecutive year of assessment. The unabsorbed capital allowances do not expire under current tax legislation.

11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The unutilised tax losses will expire in the following year of assessment:

	Group	
	2021	2020
	RM'000	RM'000
Year of assessment:		
2026	-	127,132
2029	124,381	-
2031	12,602	-
	136,983	127,132

Any amounts not utilised upon expiry period of the above year of assessment will be disregarded.

Assessment of future taxable profits

Mudajaya Corporation Berhad has recognised RM1 million (2020: RM1 million) of deferred tax assets. The Group considered that it is probable that future taxable profits will be available against which the tax benefit can be utilised. The management has applied the key assumptions as stated in Note 8 (ii) in arriving at the projected future taxable profits.

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

12. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
At cost:		
Properties held for sale	40,224	47,031
Properties under development	24,493	24,990
Raw materials and spare parts	8,256	6,472
	72,973	78,493
At net realisable value:		
Properties held for sale	39,724	51,679
	112,697	130,172

12. INVENTORIES (cont'd)

		Group	
	Note	**2021**	**2020**
		RM'000	**RM'000**
Recognised in profit or loss:			
Inventories recognised as cost of sales			
Cost of inventories sold			
- Properties held for sale		19,212	7,557
- Raw materials		48,902	50,323
	23	68,114	57,880
Inventories written down to net realisable value	23	(1,509)	(4,843)

The leasehold land cost comprises 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.

Inventories written down to net realisable value ("NRV")

The weak property market sentiment and COVID-19 impact arising from property overhang spurred by unaffordability impacted the overall property development industry. The net realisable value of the inventories was estimated based on estimated selling price in the ordinary course of business of comparable properties in close proximity less the estimated costs necessary to make the sale. Sales price of comparable properties was adjusted for differences in key attributes such as property size.

Key assumption is residential units are valued at the range of RM728/sqft to RM894/sqft.

The above estimates are particularly sensitive as shown below:

- A decrease of 1% of the market price of the properties would have decrease the net realisable value by RM397,000.

Certain properties with carrying amount of RM35,638,000 (2020: RM46,659,000) held for sales are pledged to secure the Group's secured revolving credits (Note 19(d)).

13. OTHER CURRENT ASSETS

	Note	Group 2021 RM'000	Group 2020 RM'000
Contra properties			
At beginning of year		152,361	199,587
Less:			
Transfer to investment properties	5	-	(290)
Other current assets written down to net realisable value	25	-	(46,936)
		152,361	152,361

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 work 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)), revolving credits (Note 19(d)), bankers' acceptance (Note 19(e)) and invoice financing (Note 19(f)).

The contra properties secured by way of contra arrangement are classified as inventories. Such properties are stated at the lower of cost and net realisable value.

The Group has not obtained vacant possession of the contra properties. A civil suit has been taken by MCB against the debtor to seek, amongst others, an order of specific performance to deliver vacant possession of the contra properties. Based on the legal advise, the Group has a reasonably good chance of successfully obtaining the order for specific performance of the sale and purchase agreements for the delivery of vacant possession of the units.

<u>Other current assets written down to net realisable value ("NRV")</u>

The weak property market sentiment and COVID-19 impact arising from property overhang spurred by unaffordability impacted the overall property development industry. The net realisable value of the other current assets was estimated based on estimated selling price in the ordinary course of business of comparable properties in close proximity less the estimated costs necessary to make the sale. Sales price of comparable properties was adjusted for differences in key attributes such as property size.

Key assumptions are as follows:

- Service apartments together with the parking lots are valued at the range of RM620/sq ft to RM923/sqft.
- Office suites and retail units together with the parking lots are valued at the range of RM760/sq ft to RM804/sqft.
- Further rectification work and replacement cost for obsolete equipment amounting to RM10,139,000 to be incurred in order to make the sale.

The above estimates are particularly sensitive as shown below:

- A decrease of 1% of the market price of the properties would have decrease the net realisable value by RM1,624,000 and vice versa.

14. CONTRACT WITH CUSTOMERS

Contract assets/(liabilities)

	Group	
	2021	**2020**
	RM'000	**RM'000**
Contract assets	19,282	51,476
Contract liabilities	(20,486)	(3,759)

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.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised overtime during the construction.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Contract liabilities at the beginning of the period recognised as revenue	3,409	11,295
Contract liabilities at the beginning of the period not recognised as revenue due to change in time frame	350	2,751
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	7,669	1,835
Contract fulfilment cost transferred to cost of sales	160,292	217,573

15. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Trade receivables from contracts with customers		39,872	43,067	-	-
Other trade receivables		917	314	-	-
	(a)	40,789	43,381	-	-
Less: Impairment loss		(5,569)	(561)	-	-
		35,220	42,820	-	-
Retention sums		53,005	54,618	-	-
Less: Impairment loss		-	(5,058)	-	-
	(b)	53,005	49,560	-	-
Total trade receivables		88,225	92,380	-	-
Non-trade					
Other receivables		12,901	14,091	28	-
Less: Impairment loss		(4,965)	(2,276)	-	-
		7,936	11,815	28	-
Amount due from subsidiaries	(c)	-	-	228,106	120,623
Less: Impairment loss		-	-	(33,799)	(48,088)
		-	-	194,307	72,535
Amount due from associates	(d)	30,942	34,321	-	-
Less: Impairment loss		(15,491)	(13,501)	-	-
		15,451	20,820	-	-
Deposits		7,195	6,981	2	2
Advance payments	(e)	1,946	4,284	24	24
Goods and Service Tax ("GST") receivables		6	121	-	-
		24,598	32,206	26	26
		32,534	44,021	194,361	72,561
		120,759	136,401	194,361	72,561

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms are generally on 30 to 90 days (2020: 30 to 90 days) terms.

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	
	2021	**2020**
	RM'000	**RM'000**
Within 1 year	22,306	7,206
More than 1 year	30,699	42,354
	53,005	49,560

(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 RM14,198,000 (2020: RM18,885,000) and nil (2020: RM225,000) respectively extended to PT Harmoni and are subjected to interest at 12% (2020: 12%) and nil (2020: 16%) per annum respectively. The remaining balance is non-interest bearing. The amount due from associates are unsecured and repayable on demand.

(e) Advance payments

These are mainly contractual advance payments to subcontractors for construction works.

16. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

	2021		2020	
Group	**Nominal value**	**Assets**	**Nominal value**	**(Liabilities)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Derivative at fair value through profit or loss				
Cross currency interest rate swap	40,490	1,197	201,580	(2,814)

The cross currency interest rate swap is entered into by the Group to manage the foreign currency and interest rate exposures arising from the Group's term loan denominated in currencies other than the functional currency of the Group entities.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash and bank balances	45,023	40,411	3,481	44
Deposits with financial institutions	101,703	270,789	-	94
	146,726	311,200	3,481	138

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 1.05% to 3.29% (2020: 1.79% to 3.54%) 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 RM1,678,000 (2020: RM1,591,000) charged for the term loans (Note 19(a)(iii)).

Included in the deposits with a financial institution is RM41,731,000 (2020: RM201,580,000) charged for the secured term loan (Note 19(a)(iv)).

Included in bank balances and deposits with financial institutions are deposits for the Group Disbursement Accounts held for the Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah which are restricted from use for other operations amounting to RM10,000 (2020: RM2,675,000) and RM46,206,000 (2020: RM45,419,000) respectively (Note 19(b)).

18. CAPITAL AND RESERVES

(a) Share capital

Group and Company	**Number of shares 2021 '000**	**Amount 2021 RM'000**	**Number of shares 2020 '000**	**Amount 2020 RM'000**
Ordinary shares, issued and fully paid:				
At 1 January	648,862	397,730	605,418	393,172
Issue for cash	648,862	142,750	58,987	14,086
Less:				
Cancellation of treasury shares	-	-	(15,543)	(9,528)
At 31 December	1,297,724	540,480	648,862	397,730
Allocated to warrant reserves	-	(38,426)	-	-
	1,297,724	502,054	648,862	397,730

18. 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 raised total proceeds of RM142,749,677 by issuance Rights Issue with Warrants exercise with 648,862,166 Rights Shares issued at RM0.22 per share, together with 648,862,166 free warrants on the basis of 1 Warrant for every 1 Right Share. The total proceeds of RM142,749,677 were allocated between ordinary shares and warrants based on the fair value of the two instruments on a prorate basis.

(b) Warrant reserve

During the financial year, the Company allotted and issued 648,862,166 free warrants in conjunction with the abovementioned Rights Issue.

(c) Treasury shares

On 6 October 2020, the Company has cancelled 15,543,300 treasury shares in the Company amounted to RM9,528,000.

(d) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees (Note 21). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options and is reduced by the expiry or exercise of the share options.

The ESOS expired on 29 September 2021. All unexercised share options automatically lapsed upon expiry of the ESOS and the outstanding ESOS reserve balances was transferred to retained earnings.

(e) 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.

19. LOANS AND BORROWINGS

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Unsecured:					
Term loans	(a)	83,461	-	83,461	-
Secured:					
Term loans	(a)	7,476	215,290	-	-
Green SRI Sukuk Wakalah	(b)	215,000	230,000	-	-
		222,476	445,290	-	-
		305,937	445,290	83,461	-
Current					
Unsecured:					
Bankers' acceptance		4,866	5,350	-	-
Euro Medium Term Notes ("EMTN")	(c)	-	161,264	-	-
Term loans	(a)	46,000	80,632	-	80,632
Revolving credits	(d)	4,000	4,000	-	-
Advance from a shareholder	(g)	15,500	-	15,500	-
		70,366	251,246	15,500	80,632
Secured:					
Bankers' acceptance	(e)	-	2,302	-	-
Invoice financing	(f)	-	4,385	-	-
Term loans	(a)	47,912	6,182	-	-
Green SRI Sukuk Wakalah	(b)	15,000	10,000	-	-
Revolving credits	(d)	41,528	125,500	-	-
		104,440	148,369	-	-
		174,806	399,615	15,500	80,632
		480,743	844,905	98,961	80,632

19. LOANS AND BORROWINGS (cont'd)

The maturities of the loans and borrowings as at 31 December 2021 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	174,806	399,615	15,500	80,632
More than 1 year and less than 2 years	103,149	222,775	83,461	-
2 to 5 years	45,467	49,986	-	-
5 years and above	157,321	172,529	-	-
	480,743	844,905	98,961	80,632

(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%-7.88% per annum (2020: 7.50%-7.94% per annum).

The repayment date for the outstanding principal is extended from 4 July 2022 to 3 July 2023.

(ii) A term loan of RM50,000,000 which bears interest rate of 2.00% (2020: 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% (2020: 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 17);
- 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.

19. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

(iv) A term loan of USD10,000,000 (2020: USD50,000,000) which bears interest of 2.25% (2020: 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 RM41,730,000 (2020: RM201,580,000) of the Group (Note 17).

During the financial year, the Group has repaid USD40,000,000 (equivalent to RM164,092,000).

(v) A term loan of RM3,600,000 which bears interest rate of 2.0% (2020: 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.

(vi) A term loan of RM46,000,000 which bears interest rate of 7.0% (2020: nil) per annum. The term loan is unsecured and repayable not later than 6 months from the date of agreement.

Other information on financial risk of borrowings is disclosed in Note 31.

(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 profit 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).

19. LOANS AND BORROWINGS (cont'd)

(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 were unsecured and bear an interest rate of 7% per annum payable semi-annually. The tenure of the Notes were 3 years from the issue date and matured on 28 December 2019. The Company was the guarantor for the Notes and a corporate guarantee fee which was charged to MVL at 0.6% per annum. The amount of corporate guarantee fee is shown in Note 33 in the financial statements.

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 had on even date, redeemed USD20 million of the Notes.

On 27 November 2020, MVL obtained approval from the noteholder for an extension of the maturity date of the remaining USD40 million of the Notes to 28 December 2021.

The Company redeemed USD25 million and USD15 million of the Notes on 22 October 2021 and 28 December 2021 respectively and accordingly the Notes have been fully redeemed. Subsequently, the Company had discharged it responsibility of being the guarantor for the loan.

(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 3.48% to 4.16% (2020: 3.44% to 4.16%) 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 contra properties of the Group (Note 13).

Revolving credits amounting to RM31,327,889 has a covenant which requires, the Group and the subsidiary, MCB to maintain a consolidated net Finance to Equity ratio of not more than 1.25 times. As at 31 December 2021, the Group and MCB has not met this covenant. The Group will be seeking indulgence from the bank in due course.

(e) Bankers' acceptance

The Group's bankers' acceptance was secured by a charge over certain contra properties of the Group (Note 13).

(f) Invoice financing

The Group's invoice financing was secured by a charge over certain contra properties of the Group (Note 13).

(g) Advance from shareholder

The Group's advance from a shareholder was unsecured and bears interest of 5.0% per annum (2020: nil).

20. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade payables	(a)	119,714	139,404	-	-
Deposit liabilities	(b)	1,643	1,556	-	-
		121,357	140,960	-	-
Non-trade					
Deposits		2,864	4,414	-	-
Accruals		13,473	13,656	3,514	297
Other payables		10,726	7,988	192	98
Amount due to a subsidiary	(c)	-	-	-	10,497
		27,063	26,058	3,706	10,892
		148,420	167,018	3,706	10,892

(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 (2020: 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 was unsecured, non-interest bearing and repayable on demand.

21. 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;

21. EMPLOYEE BENEFITS (cont'd)

Employees' share option scheme ("ESOS") (cont'd)

Pursuant to the Mudajaya ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group: (cont'd)

- 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.

The salient features of the Mudajaya ESOS were as follows:

(i) The original scheme was 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 expired 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.

The ESOS expired on 29 September 2021. All unexercised share options automatically lapsed upon expiry of the ESOS.

21. EMPLOYEE BENEFITS (cont'd)

Employees' share option scheme ("ESOS") (cont'd)

Group and Company

2021	At 1.1.2021	Granted	Rejected	Expired	Exercised	At 31.12.2021	Exercisable 31.12.2021
	Number of options						
	'000	'000	'000	'000	'000	'000	'000
Grant date							
3 October 2011	2,808	-	-	(2,808)	-	-	-
16 July 2012	415	-	-	(415)	-	-	-
3 October 2012	63	-	-	(63)	-	-	-
2 May 2013	1,360	-	-	(1,360)	-	-	-
3 October 2013	546	-	-	(546)	-	-	-
18 February 2014	631	-	-	(631)	-	-	-
15 July 2016	14,200	-	-	(14,200)	-	-	-
	20,023	-	-	(20,023)	-	-	-
Weighted average exercise price ("WAEP") (RM)	1.15	-	-	-	-	-	-

2020	At 1.1.2020	Granted	Rejected	Forfeited	Exercised	At 31.12.2020	Exercisable 31.12.2020
	Number of options						
	'000	'000	'000	'000	'000	'000	'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

The options outstanding at 31 December 2021 have an exercise price at nil (2020: RM1.15 to RM2.75) and a weighted average contractual life of 0 year (2020: 2 years).

No option were exercised during the financial year.

The ESOS expired on 29 September 2021. All unexercised share options automatically lapsed upon expiry of the ESOS.

21. EMPLOYEE BENEFITS (cont'd)

Employees' share option scheme ("ESOS") (cont'd)

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 RM92,000 (2020: RM394,000) in profit or loss.

22. REVENUE

22.1 Disaggregation of revenue

	Note	Group 2021 RM'000	2020 RM'000
Revenue from contracts with customers			
Construction contracts		165,581	222,797
Sale of completed properties			
- properties		19,302	11,559
- car park		1,230	667
- furniture and fittings		1,933	107
Sale of construction materials		51,508	62,739
Sale of power energy arising from concession arrangement		44,535	45,111
	(a)	284,089	342,980
Other revenue			
- Rental of office space	5	4,599	4,718
Total revenue		288,688	347,698

22. REVENUE (cont'd)

22.1 Disaggregation of revenue (cont'd)

(a) Timing and recognition of revenue

	Group	
	2021	2020
	RM'000	RM'000
At a point in time	73,973	75,072
Over time	210,116	267,908
	284,089	342,980

22.2 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 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 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 power energy arising from concession arrangement	Revenue is recognised 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.
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.
Sale of furniture and fittings	Revenue is recognised at a point in time upon delivery of furniture and fittings.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.

22. REVENUE (cont'd)

22.3 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				
	2021 RM'000	2022 RM'000	2023 RM'000	More than 2023 RM'000	Total RM'000
2021					
Construction contracts	-	43,839	343,610	-	387,449
Sale of power energy arising from concession arrangement	-	43,935	43,647	568,212	655,794
	-	87,774	387,257	568,212	1,043,243
2020					
Construction contracts	69	63,718	548,349	-	612,136
Sale of power energy arising from concession arrangement	44,220	43,935	43,647	568,212	700,014
	44,289	107,653	591,996	568,212	1,312,150

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.

23. COST OF SALES

		Group	
	Note	2021 RM'000	2020 RM'000
Cost of inventories sold	12	68,114	57,880
Contract fulfilment costs	14	160,292	217,573
Property maintenance cost	5	3,109	2,959
Inventories written down to net realisable value	12	1,509	4,843
Other current assets written down to net realisable value	13	-	46,936
		233,024	330,191

24. OTHER INCOME

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	3,595	6,260	32	4
Rental of investment properties	135	128	-	-
Gain on disposal of property, plant and equipment	525	58	-	-
Gain on disposal of right-of-use assets	33	-	-	-
Deferred income	-	5,659	-	-
Net gain on foreign exchange	-	2,597	-	-
Corporate guarantee income from an associate	299	300	-	-
Corporate guarantee income from subsidiaries	-	-	2,329	3,118
Funding income from subsidiary	-	-	6,355	6,582
Secondment fees	669	576	-	-
Fair value gain on derivative	4,011	-	-	-
Gain on remeasurement of other investment	21,000	-	-	-
Reversal of loss on investment in associates	-	111,045	-	-
Reversal of impairment of financial instruments and contract assets	-	-	14,289	-
Miscellaneous	3,073	2,328	-	-
	33,340	128,951	23,005	9,704

25. RESULTS FROM OPERATING ACTIVITIES

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
Statutory auditors		463	445	135	130
Other auditors		22	7	-	-
- Non-audit fees					
Statutory auditors		50	10	10	10
Material expense/(income)					
Amortisation of intangible asset	6	620	620	-	-
Amortisation of service concession assets	7	16,750	16,488	-	-
Depreciation of property, plant and equipment	3	4,951	4,997	31	-
Depreciation of investment properties	5	933	1,046	-	-
Depreciation of right-of-use assets	4	2,776	4,584	77	102

25. RESULTS FROM OPERATING ACTIVITIES (cont'd)

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Results from operating activities is arrived at after charging/(crediting): (cont'd)					
Material expense/(income) (cont'd)					
Other current assets written down to net realisable value	13	-	46,936	-	-
Gain on disposal of property, plant and equipment		(525)	(58)	-	-
Gain on disposal of right-of-use assets		(33)	-	-	-
Impairment loss on investment in subsidiaries		-	-	196,590	-
Property, plant and equipment written off		954	-	-	-
Inventories write down to net realisable value	12	1,509	4,843	-	-
Employee benefits expenses	26	18,432	21,040	1,127	1,044
Net foreign exchange differences					
- realised		19	339	-	-
- unrealised		4,373	(2,936)	996	89
Non-executive directors' remuneration	26	574	695	574	695
Expense arising from lessee					
Expenses relating to short-term leases	a	4,427	2,639	-	-
Net loss/(gain) on impairment of financial instruments and contract assets					
- financial assets at amortised cost		4,629	2,192	(14,289)	26,515

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.

26. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries		16,284	18,219	1,004	921
Social security contributions		123	153	1	2
Contributions to defined contribution plan		1,701	1,962	95	114
Share options granted under ESOS	21	92	394	-	-
Other benefits		232	312	27	7
		18,432	21,040	1,127	1,044

Included in employee benefits expenses of the Group and the Company are executive directors' and other key management personnel remuneration amounting to RM4,950,000* (2020: RM5,324,000*) and RM1,054,000** (2020: RM1,285,000**) as further disclosed.

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors:				
Salaries and other emoluments	2,141	2,284	963	1,142
Defined contribution plan	203	286	91	143
	2,344*	2,570*	1,054**	1,285**
Non-executive Directors:				
Fees	389	415	389	415
Other emoluments	185	280	185	280
	574	695	574	695
	2,918	3,265	1,628	1,980
Estimated money value of benefits-in-kind	115	115	35	35
Total Directors' remuneration	3,033	3,380	1,663	2,015
Other key management personnel:				
Salaries and other emoluments	2,327	2,454	-	-
Defined contribution plan	279	300	-	-
	2,606*	2,754*	-	-
Estimated money value of benefits-in-kind	49	49	-	-
Total other key management personnel compensation	2,655	2,803	-	-

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27. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	42,018	48,874	6,349	6,511
Interest expense on lease liabilities	2,412	2,577	2	8
Recognised in profit or loss	44,430	51,451	6,351	6,519

28. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
Current year	2,633	2,299	65	255
Prior years	505	(170)	(3)	81
	3,138	2,129	62	336
Deferred tax expense (Note 11)				
Current year	1,061	1,285	-	-
Prior years	462	130	-	-
	1,523	1,415	-	-
Total tax expense	4,661	3,544	62	336
Reconciliation of tax expense				
Profit/(Loss) before tax	12,741	(41,591)	(185,556)	(26,108)
Income tax calculated using Malaysian tax rate of 24%	3,058	(9,982)	(44,533)	(6,266)
Non-deductible expenses	9,662	10,628	48,035	6,521
Non-taxable income	(9,181)	(33,527)	(3,437)	-
Effect of share of associates' loss	(1,862)	26,205	-	-
Effect of tax losses incurred in tax exempt jurisdiction	-	5	-	-
Recognition of previously unrecognised temporary differences	(759)	(1,553)	-	-
Effect of deferred tax assets not recognised	2,776	11,808	-	-
Under/(Over) provision in prior years	967	(40)	(3)	81
	4,661	3,544	62	336

29. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic and diluted earnings/(loss) per ordinary share

The calculation of basic and diluted earnings/(loss) per ordinary share at 31 December 2021 was based on the profit/(loss) attributable to ordinary shareholders over weighted average number of ordinary shares outstanding as at 31 December, as follows:

Profit/(Loss) attributable to ordinary shareholders:

	Group	
	2021	2020
	RM'000	RM'000
Profit/(Loss) for the year attributable to owners of the Company	6,420	(47,919)

	Group	
	2021	2020
Basic earnings/(loss) per ordinary shares		
Weighted average number of ordinary shares at 31 December ('000)	784,042	609,537
Basic earnings/(loss) per ordinary share (sen)	0.82	(7.86)

The warrants of 648,862,166 units (2020: share options of 17,183,000) could potentially diluted the earnings/(loss) per share when it is exercised. However, they are anti-dilutive for the periods presented.

30. 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 and construction materials 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. OPERATING SEGMENTS (cont'd)

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.

2021	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	185,282	27,063	44,535	31,808	-		288,688
Inter-segment	-	2,021	1,987	26,545	(30,553)	(i)	-
Total revenue	185,282	29,084	46,522	58,353	(30,553)		288,688
Results:							
Included in the measure of segment profit/(loss) are:							
Interest income	471	78	2,882	164	-		3,595
Finance costs	(11,296)	(138)	(16,280)	(16,716)	-		(44,430)
Depreciation of property, plant and equipment and investment properties	(2,504)	(1,600)	(102)	(1,678)	-		(5,884)
Depreciation of right-of-use assets	(180)	(37)	(2,370)	(189)	-		(2,776)
Amortisation of intangible asset and service concession assets	-	-	(17,370)	-	-		(17,370)
Gain on remeasurement of other investment	21,000	-	-	-	-		21,000
Fair value gain on derivative	4,011	-	-	-	-		4,011
Allowance for impairment of financial instruments and contract assets	(2,452)	(97)	(1,990)	-	-		(4,629)
Inventories written down to net realisable value	-	(1,509)	-	-	-		(1,509)
Share of profit of associates	1,796	-	5,964	-	-		7,760
Tax expense	42	(2,471)	(1,841)	(391)	-		(4,661)
(Loss)/Profit after tax	(6,901)	1,828	29,324	(16,667)	496	(ii)	8,080

30. OPERATING SEGMENTS (cont'd)

2021	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
Assets:							
Included in the measure of segment assets are:							
Investment in associates	7,031	-	10,424	-	-		17,455
Additions to non-current assets	146	460	45	215	-	(iii)	866
Segment assets	389,233	200,667	446,735	505,359	(537,296)	(iv)	1,004,698
Segment liabilities	343,256	84,123	403,549	216,959	(337,391)	(v)	710,496
2020							
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 and investment properties	(2,425)	(1,528)	(84)	(2,006)	-		(6,043)
Depreciation of right-of-use assets	(1,516)	(37)	(2,391)	(640)	-		(4,584)
Amortisation of intangible asset and service concession assets	-	-	(17,108)	-	-		(17,108)
Fair value loss on derivative	(2,303)	-	-	-	-		(2,303)
Allowance for impairment of financial instruments and contract assets	-	204	(2,396)	-	-		(2,192)
Other current assets written down to net realisable value	(46,936)	-	-	-	-		(46,936)
Inventories written down to net realisable value	-	(4,843)	-	-	-		(4,843)
Reversal of impairment loss of investment in associate	-	-	111,045	-	-		111,045
Share of profit/(loss) of associates	355	-	(109,544)	-	-		(109,189)
Tax expense	(257)	(1,338)	(1,453)	(496)	-		(3,544)
(Loss)/Profit after tax	(45,151)	6,623	5,762	(11,922)	(588)	(ii)	(45,276)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. 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
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

(i) Inter-segment revenues are eliminated on consolidation.

(ii) The following items are deducted from segment profit to arrive at profit/(loss) before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	Group 2021 RM'000	Group 2020 RM'000
Profit/(Loss) from inter-segment	496	(588)

(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 2021 RM'000	Group 2020 RM'000
Inter-segment assets	(537,296)	(619,268)

(v) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 2021 RM'000	Group 2020 RM'000
Unallocated liabilities	(337,391)	(243,204)

30. OPERATING SEGMENTS (cont'd)

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 assets	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	288,688	347,698	406,814	434,443	866	3,371

Major customers

Approximately 75% (2020: 72%) of total revenue during the year is mainly contributed from four (4) (2020: four (4)) customers.

31. FINANCIAL INSTRUMENTS

31.1 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
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows: (cont'd)

2021	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL - DUIR RM'000
Financial assets				
Group				
Other investments	21,936	-	-	21,936
Trade and other receivables	118,807	118,807	-	-
Derivatives financial assets	1,197	-	1,197	-
Cash and cash equivalents	146,726	146,726	-	-
	288,666	265,533	1,197	21,936
Company				
Trade and other receivables	194,337	194,337	-	-
Cash and cash equivalents	3,481	3,481	-	-
	197,818	197,818	-	-
Financial liabilities				
Group				
Trade and other payables	148,420	148,420	-	-
Refundable deposits	2,365	2,365	-	-
Loans and borrowings	480,743	480,743	-	-
	631,528	631,528	-	-
Company				
Trade and other payables	3,706	3,706	-	-
Loans and borrowings	98,961	98,961	-	-
	102,667	102,667	-	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

2020	Carrying amount RM'000	AC RM'000	FVTPL - DUIR 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
Company			
Trade and other receivables	72,537	72,537	-
Cash and cash equivalents	138	138	-
	72,675	72,675	-
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	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	4,011	-	-	-
Financial liabilities at fair value through profit or loss:				
- Mandatorily required by MFRS 9	-	(2,303)	-	-
Financial assets at amortised cost	1,645	2,214	16,154	(27,742)
Financial liabilities at amortised cost	(49,089)	(47,767)	(9,178)	(5,369)
Net (losses)/gains	(43,433)	(47,856)	6,976	(33,111)
Net (losses)/gains on impairment of financial instruments and contract assets:				
Financial assets at amortised costs	(4,629)	(2,192)	14,289	(26,515)

31.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 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.

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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

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 60% (2020: 87%) of the Group's trade receivables were due from 4 (2020: 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:

	2021		2020	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By industry sector:				
Construction	83,855	78	124,930	87
Property development	7,702	7	7,030	5
Power	5,907	6	3,319	2
Manufacturing, trading and others	10,043	9	8,577	6
	107,507	100	143,856	100
By geographical:				
Malaysia	107,507	100	143,856	100

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 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
2021			
Current (not past due)	102,433	-	102,433
1-30 days past due	3,796	-	3,796
31-60 days past due	685	-	685
61-90 days past due	324	-	324
91-120 days past due	91	(12)	79
More than 120 days past due	5,747	(5,557)	190
	113,076	(5,569)	107,507
Trade receivables	93,794	(5,569)	88,225
Contract assets	19,282	-	19,282
	113,076	(5,569)	107,507
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

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 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 2020	6,420	-	6,420
Amount written off	(786)	-	(786)
Net measurement of loss allowance	(15)	-	(15)
Balance at 31 December 2020/1 January 2021	5,619	-	5,619
Net measurement of loss allowance	(50)	-	(50)
Balance at 31 December 2021	5,569	-	5,569

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.

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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Other receivables (cont'd)

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:

	2021 RM'000	2020 RM'000
At beginning of year	2,276	3,101
Written off	-	(636)
Net remeasurement of loss allowance	2,689	(189)
At end of year	4,965	2,276

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.

The Company also provides financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk arising from financial guarantees amounted to RM123,939,000 (2020: RM156,863,000).

The financial guarantees are provided as credit enhancements to banks, customers and payables.

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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

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.

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
2021			
Low credit risk	15,450	-	15,450
Credit impaired	15,491	(15,491)	-
	30,941	(15,491)	15,450
2020			
Low credit risk	20,820	-	20,820
Credit impaired	13,501	(13,501)	-
	34,321	(13,501)	20,820

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31. FINANCIAL INSTRUMENTS (cont'd)

31.4 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 subsidiaries:

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2021			
Low credit risk	254,947	-	254,947
Credit impaired	33,799	(33,799)	-
	288,746	(33,799)	254,947
2020			
Low credit risk	133,175	-	133,175
Credit impaired	48,088	(48,088)	-
	181,263	(48,088)	133,175

The movement in the allowance for impairment in respect of amount due from associates or subsidiaries during the year is as follows:

	Lifetime ECL RM'000
Group	
Balance at 1 January 2020	11,105
Net remeasurement of loss allowance	2,396
Balance at 1 January 2021	13,501
Net remeasurement of loss allowance	1,990
Balance at 31 December 2021	15,491
Company	
Balance at 1 January 2020	21,573
Net remeasurement of loss allowance	26,515
Balance at 1 January 2021	48,088
Net remeasurement of loss allowance	(14,289)
Balance at 31 December 2021	33,799

31. FINANCIAL INSTRUMENTS (cont'd)

31.5 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.

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
2021						
Non-derivative financial liabilities						
Trade and other payables	148,420	-	148,420	148,420	-	-
Refundable deposits	2,365	-	2,365	-	2,365	-
Revolving credits	45,528	3.75% - 4.16%	40,665	40,665	-	-
Lease liabilities	43,798	3.75% - 5.68%	69,565	3,567	19,049	46,949
Term loans	184,849	3.98% - 7.50%	197,728	102,437	92,626	2,665
Bankers' acceptance	4,866	3.30% - 3.34%	4,877	4,877	-	-
Advance from shareholder	15,500	5.00%	16,275	16,275	-	-
Green SRI Sukuk Wakalah	230,000	5.12% - 6.35%	328,752	27,457	101,916	199,379
	675,326		808,647	343,698	215,956	248,993
Derivative financial assets						
Cross currency interest rate swap (gross settled):						
Outflow	-		(40,533)	(40,533)	-	-
Inflow	1,197		41,730	41,730	-	-
	1,197		1,197	1,197	-	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.5 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
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% - 5.68%	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)	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.5 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
2021						
Non-derivative financial liabilities						
Trade and other payables	3,706		3,706	3,706	-	-
Term loan	83,461	7.50%	92,850	6,260	86,590	-
Advances from shareholder	15,500	5.00%	16,275	16,275	-	-
Financial guarantee	-	-	123,939	61,181	62,758	-
	102,667		236,770	87,422	149,348	-
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	-

31.6 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.

31.6.1 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.

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(CONTINUED)

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.1 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:

		Denominated in		
Group	**INR**	**USD**	**TWD**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2021				
Balances recognised in the statements of financial position				
Cash and bank balances	445	-	150	595
Borrowings	-	(125,191)	-	(125,191)
	445	(125,191)	150	(124,596)
Forecast transactions				
Cross currency interest rate swaps	-	40,533	-	40,533
Net exposure	445	(84,658)	150	(84,063)
Company				
2021				
Balance recognised in the statement of financial position				
Borrowing	-	(83,461)	-	(83,461)
Group				
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)

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.1 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% (2020: 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	
	2021	2020	2021	2020
Profit or loss	RM'000	RM'000	RM'000	RM'000
INR	10	(9)	-	-
USD	(1,930)	1,774	1,903	1,838
TWD	3	(74)	-	-

A 3% (2020: 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.

31.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.2 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	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Amount due from associates	14,198	19,110	-	-
Euro Medium Term Notes ("EMTN")	-	(161,264)	-	-
Green SRI Sukuk Wakalah	(230,000)	(240,000)	-	-
Term loans	(129,461)	(80,632)	(83,461)	(80,632)
Advance from shareholder	(15,500)	-	(15,500)	-
Deposits with financial institutions	48,709	205,764	-	-
	(312,054)	(257,022)	(98,961)	(80,632)
Floating rate instruments				
Deposits with financial institutions	52,994	65,025	-	94
Term loans	(55,388)	(221,472)	-	-
Revolving credits	(45,528)	(129,500)	-	-
Bankers' acceptance	(4,866)	(7,652)	-	-
Invoice financing	-	(4,385)	-	-
	(52,788)	(297,984)	-	94

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Management has assessed the impact for the change in interest rates at the end of the reporting period is not material.

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.2 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	**100 bp decrease**
Group	**RM'000**	**RM'000**
2021		
Floating rate instruments	(401)	401
Cross currency interest rate swap	308	(308)
Cash flow sensitivity (net)	(93)	93
2020		
Floating rate instruments	(2,265)	2,265
Cross currency interest rate swap	1,553	(1,553)
Cash flow sensitivity (net)	(712)	712

31.7 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 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				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2021										
Financial assets										
Other investments	-	936	21,000	21,936	-	-	-	-	21,936	21,936
Cross currency interest rate swaps	-	-	1,197	1,197	-	-	-	-	1,197	1,197
	-	-	23,133	23,133	-	-	-	-	23,133	23,133
Financial liabilities										
Refundable deposits	-	-	-	-	-	-	2,365	2,365	2,365	2,365
Term loans	-	-	-	-	-	-	188,422	188,422	188,422	184,849
Green SRI Sukuk Wakalah	-	-	-	-	-	-	237,640	237,640	237,640	230,000
	-	-	-	-	-	-	428,427	428,427	428,427	432,714
Company										
2021										
Term loan	-	-	-	-	-	-	87,502	87,502	87,502	83,461
Group										
2020										
Financial assets										
Other investments	-	936	-	936	-	-	-	-	936	936
Financial liabilities										
Refundable deposits	-	-	-	-	-	-	2,035	2,035	2,035	2,204
Term loans	-	-	-	-	-	-	302,104	302,104	302,104	302,104
Green SRI Sukuk Wakalah	-	-	-	-	-	-	261,798	261,798	261,798	240,000
Cross currency interest rate swaps	-	2,814	-	2,814	-	-	-	-	2,814	2,814
	-	2,814	-	2,814	-	-	565,937	565,937	568,751	547,122
Company										
2020										
Term loan	-	-	-	-	-	-	80,632	80,632	80,632	80,632

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 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 (2020: 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 a reconciliation of Level 3 fair values:

Group	2021 RM'000	2020 RM'000
Other investments - Shares		
At 1 January	-	-
Reclassify from investment in an associate	21,000	-
At 31 December	21,000	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information (cont'd)

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.

a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other investments - Shares	Discounted cash flow projections. Disclosed in Note 10	- Future planned revenue - Discount rate	The estimated fair value would increase (decrease) if the future planned revenue is higher (lower) and discount rate were lower (higher).

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used	Discount rate
2021		
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	5.12% - 6.35%
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%

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.

31.8 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.8 Master netting or similar agreements (cont'd)

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	Related financial instruments that are not offset	Net amount
	RM'000	RM'000	RM'000
2021			
Derivative financial assets			
Cross currency interest rate swap held for trading at FVTPL	1,197	-	1,197
2020			
Derivative financial liabilities			
Cross currency interest rate swap held for trading at FVTPL	2,814	-	2,814

32. 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.

33. 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.

33. RELATED PARTIES (cont'd)

Significant related party transactions

The related party transactions of the Group and the Company, other than key management personnel compensation (see Note 26), are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Shareholder				
Advances from a shareholder	15,500	-	15,500	-
Subsidiaries				
Corporate guarantee fee	-	-	2,329	3,118
Funding income	-	-	6,355	6,582
Advances to subsidiaries	-	-	(105,650)	(11,278)
Repayment to a subsidiary	-	-	(10,497)	(3,038)
Associates				
Interest income	1,990	2,396	-	-
Secondment fee	378	519	-	-
Project management fee	316	1,475	-	-
Corporate guarantee fee	299	300	-	-
Advances to associates	3,379	48	-	-

Balances with related parties at the reporting date are disclosed in Note 15 and Note 20 to the financial statements.

These transactions have been entered into a negotiated term basis.

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 96 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 2021 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:

James Wong Tet Foh
Director

Lee Eng Leong
Director

Petaling Jaya

Date: 15 April 2022

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 96 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 15 April 2022.

Lee Eng Leong

Before me:

Raymond Cha Kar Siang
(No. B362)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Mudajaya Group Berhad

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 2021 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 96 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 2021 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 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).

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

INDEPENDENT AUDITORS' REPORT

To the members of Mudajaya Group Berhad
(CONTINUED)

The key audit matter (cont'd)

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 budgeted 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;
- evaluated the management's updated budgeted 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;
- test checked the actual costs incurred to the corresponding supporting documents;
- test checked manual journal entries related to cost of sales by individual projects 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 Note2(i) - Significant accounting policy: Inventories and Note 12 - Inventories and Note 13 – Other current assets)

The key audit matters

The Group recognised RM152.4 million of contra properties and RM79.9 million of properties held for sale and RM25.5 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 the realisable value or selling price of the properties could result in material impairment to the carrying amounts of these properties.

INDEPENDENT AUDITORS' REPORT

To the members of Mudajaya Group Berhad
(CONTINUED)

The key audit matter (cont'd)

How the matter was addressed in our audit (cont'd)

We performed the following audit procedures, among others:

- Inquired management regarding the process adopted to identify the net realisable value ("NRV") of properties, and, whether inventories were correctly recorded at the lower of cost and NRV.

- Where NRV was written down by management:

  - evaluated the appropriateness of the NRV prepared by management or professional valuer by comparing to the market selling price published by real estate agent;

  - assessed the independence and competency of the professional valuer; and

  - considered the adequacy of the Group's disclosures for NRV written down by assessing management's key assumptions in determination of NRV.

Impairment of investment in subsidiaries at Company level

(Refer to Significant accounting policy: Impairment and Note 8 – Investment in subsidiaries.

The key audit matters

As at 31 December 2021, the Company's statement of financial position included investments in subsidiaries amounting to RM221.5 million.

There was an indication of impairment where the carrying amount of the investment in certain subsidiaries was higher than their net tangible asset. The Company assessed the recoverability of those investments when indication existed based on estimated future cash flows generated by those subsidiaries which involved prospective financial information based on assumptions made by the Directors.

We have determined impairment in subsidiaries as a key audit matter because the determination of recoverable amount of investment in subsidiaries is inherently uncertain and it requires the exercise of significant judgment in applying key assumptions particularly the forecast revenue and discount rate.

We performed the following audit procedures, among others:

- for those investment in subsidiaries where indicators of impairment existed, we obtained an understanding of the Group's impairment assessment process including the preparation and review of cash flow projection;

- compared the Group's cash flow projection prepared last year for the purpose of impairment assessment with the actual performance for the current year to assess the accuracy of the cash flow forecasts;

- challenged the key assumptions used in the Company's cash flow projection including projected revenue based on secured and tendered project and gross profit margin to historical results as well as our understanding of the subsidiaries and the industry they operated in;

- challenged the discount rate applied in the model by comparing it with weighted average cost of capital of other entities in the similar industry; and

- assessed the outcome of sensitivity analysis around the key assumptions that are expected to be sensitive to the future recoverable amount to identify the likelihood of impairment.

INDEPENDENT AUDITORS' REPORT

To the members of Mudajaya Group Berhad
(CONTINUED)

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.

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.

INDEPENDENT AUDITORS' REPORT

To the members of Mudajaya Group Berhad
(CONTINUED)

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

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

- 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.

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

Chew Beng Hong
Approval Number: 02920/02/2024 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 15 April 2022

PROPERTIES OF THE GROUP

As at 31 December 2021

	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	10	4,269	Commercial land and office building	56,284
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	25	40,486/ 2480	Industrial land and building/ Casting yard	4,058
4	Lot 2472 Mukim Ijok Jalan Bukit Badong 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	14	12,012	Office building and store room	1,605

ANALYSIS OF SHAREHOLDINGS
As at 22 March 2022

Total Number of Issued Shares	:	1,297,724,332 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	931	5.45	34,704	0.01
100 - 1,000	8,445	49.46	2,825,983	0.21
1,001 - 10,000	4,780	28.00	20,200,340	1.56
10,001 - 100,000	2,409	14.11	81,826,966	6.30
100,001 - 64,886,215 (less than 5% of issued shares)	507	2.97	452,487,939	34.87
64,886,216 (5%) and above	1	0.01	740,348,400	57.05
Total	**17,073**	**100.00**	**1,297,724,332**	**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	740,348,400	57.05	-	-
Ample Full Profits Limited	-	-	(1)740,348,400	57.05
Jovial Day Holdings Limited	-	-	(2)740,348,400	57.05
Cheerful Talent Holdings Limited	-	-	(3)740,348,400	57.05
Kuo Jen-Hao	-	-	(4)740,348,400	57.05

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.

ANALYSIS OF SHAREHOLDINGS
As at 22 March 2022
(CONTINUED)

DIRECTORS' SHAREHOLDINGS IN MUDAJAYA GROUP BERHAD BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	Number of Shares held	%	Number of Shares held	%
Ir. James Wong Tet Foh	-	-	-	-
Lee Eng Leong	700,000	0.05	-	-
Chew Hoy Ping	-	-	-	-
Dato' Amin Rafie Bin Othman	-	-	-	-

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.	740,348,400	57.05
2	ALLIANCEGROUP NOMINEES (ASING) SDN BHD SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR HARRISON ASSETS LIMITED	58,987,000	4.55
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	38,780,000	2.99
4	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR WENTWORTH INSURANCE COMPANY LIMITED, LABUAN BRANCH	33,717,500	2.60
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ODYSSEY REINSURANCE COMPANY	30,000,000	2.31
6	NAUTICAL INVESTMENTS LIMITED	21,347,752	1.65
7	ALLIANCEGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR SUN HUNG KAI INVESTMENT SERVICES LIMITED	21,000,000	1.62
8	ALLIANCEGROUP NOMINEES (ASING) SDN BHD SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR NG QING HAI	17,700,000	1.36
9	MAGIC UNICORN LIMITED	14,141,913	1.09
10	THE PACIFIC INSURANCE BERHAD	7,060,000	0.54
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN AIK (8058967)	6,621,700	0.51
12	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR FALCON INSURANCE COMPANY (HONG KONG) LIMITED (INVESTMENT AC)	6,325,000	0.49
13	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	4,500,000	0.35
14	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE AG (HK-CLT-T-OS PR)	3,392,705	0.26
15	KENANGA NOMINEES (TEMPATAN) SDN BHD DERRICK KONG YING KIT (PCS)	3,300,000	0.25

ANALYSIS OF SHAREHOLDINGS
As at 22 March 2022
(CONTINUED)

30 LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Shareholders	Number of Shares held	%
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	3,201,600	0.25
17	TYE YONG POU	3,100,000	0.24
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	2,778,150	0.21
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH WEE KIET	2,512,300	0.19
20	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	2,224,286	0.17
21	CHIANG SIEW ENG @ LE YU AK EE	2,222,500	0.17
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MEE KIAN	2,170,065	0.17
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,097,700	0.16
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ANTO A/L S F JOSEPH (PB)	2,070,906	0.16
25	LEE ENG KEONG	1,955,000	0.15
26	LAI THIAM POH	1,880,000	0.14
27	TOO WEE LING	1,867,400	0.14
28	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,828,352	0.14
29	SUBRAMANIAM PILLAI A/L SANKARAN PILLAI	1,821,600	0.14
30	KLANG ENTERPRISE SENDIRIAN BERHAD	1,818,320	0.14

ANALYSIS OF WARRANT HOLDINGS
As at 22 March 2022

Total Number of Issued Warrants	:	648,862,166 warrants
Exercise Price Per Warrant	:	RM0.22
Issue Date	:	4 October 2021
Expiry Date	:	3 October 2023

DISTRIBUTION OF WARRANT HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Warrant holdings	Number of Warrant holders	% of Warrant holders	Number of Warrants held	% of Warrant holdings
Less than 100	15	2.19	881	0.01
100 - 1,000	143	20.91	80,722	0.01
1,001 - 10,000	241	35.23	1,151,150	0.17
10,001 - 100,000	205	29.97	7,842,482	1.21
100,001 - 32,443,107 (less than 5% of issued warrants)	79	11.55	61,763,864	9.52
32,443,108 (5%) and above	1	0.15	578,023,067	89.08
Total	**684**	**100.00**	**648,862,166**	**100.00**

30 LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Warrant holders	Number of Warrants held	%
1	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR YAKIN SETIAMAS SDN. BHD.	578,023,067	89.08
2	ALLIANCEGROUP NOMINEES (ASING) SDN BHD SUN HUNG KAI INVESTMENT SERVICES LIMITED FOR NG QING HAI	7,000,000	1.08
3	KENANGA NOMINEES (TEMPATAN) SDN BHD FOR CHIANG SIEW ENG @ LE YU AK EE	4,961,000	0.76
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI HEE KONG (E-SS2)	4,343,900	0.67
5	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	4,155,700	0.64
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEAP TAT EE (E-KTN)	3,100,000	0.48
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	2,200,752	0.34
8	KENANGA NOMINEES (TEMPATAN) SDN BHD DERRICK KONG YING KIT (PCS)	2,199,900	0.34
9	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	2,000,000	0.31
10	TAN BEE YOOK	1,758,700	0.27
11	CHIANG SIEW ENG @ LE YU AK EE	1,562,500	0.24
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,525,105	0.24

ANALYSIS OF WARRANT HOLDINGS
As at 22 March 2022
(CONTINUED)

30 LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Warrant holders	Number of Warrants held	%
13	TYE YONG POU	1,500,074	0.23
14	FOO YUK MENG	1,499,900	0.23
15	TAN TOW HOO	1,340,000	0.21
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAH JOAN (E-SS2)	1,297,300	0.20
17	LAI THIAM POH	1,167,000	0.18
18	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. TAN TOW HOO	1,000,000	0.15
19	LOW LAY PING	1,000,000	0.15
20	TAN TOW HOO	1,000,000	0.15
21	NIK FAIRUL ZAMRI BIN MOHD PAUZI	900,000	0.14
22	LIM POH FONG	832,200	0.13
23	TAI BOON CHUN	800,000	0.12
24	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN MENG YOW	747,000	0.12
25	TOMMY TAN SHAN KEE	649,700	0.10
26	LAI LEE TECK	624,400	0.10
27	TYE SOK CIN	588,800	0.09
28	NG CHUA BEE	550,000	0.08
29	CHANG WUN CHING	532,300	0.08
30	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TING SHUO CHENG	500,000	0.08

NOTICE OF 19TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting ("**AGM**") of Mudajaya Group Berhad ("**the Company**") will be held as a virtual meeting on the following date, time and venue for the following purposes:

Day and Date	:	Wednesday, 15 June 2022
Time	:	2.30 p.m.
Broadcast Venue	:	Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Online Meeting Platform	:	Lumi AGM provided by Boardroom Share Registrars Sdn Bhd in Malaysia at https://meeting.boardroomlimited.my

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect Mr Chew Hoy Ping who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 1)*
3. To re-elect Ms Oei Su Lee who retires pursuant to Clause 89 of the Company's Constitution and being eligible, has offered herself for re-election. *(Ordinary Resolution 2)*
4. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company for the period from 16 June 2022 until the conclusion of the next AGM of the Company to be held in 2023. *(Ordinary Resolution 3)*
5. 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:-

6. **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 2022.

THAT with effect from 1 January 2023, 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)*

7. **ORDINARY RESOLUTION:**
Authority to Issue and Allot New Securities in the Company under the Proposed General Mandate for Rights Issue on a Pro Rata Basis ("Proposed Rights Issue Mandate")

"THAT subject to the approval of the relevant authorities and/or parties (if required) being obtained, approval be and is hereby given to the Directors of the Company to:

(a) provisionally issue and allot by way of a rights issue on a pro rata basis of new securities ("**new securities**") to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Company;

(b) issue such new securities as may be required to give effect to the Proposed Rights Issue Mandate, including any persons entitled on renunciation of the provisional allotments;

(c) determine and fix the entitlement basis and issue price of the new securities which shall be announced later by the Company;

(d) utilise the proceeds to be derived from the Proposed Rights Issue Mandate for the purposes as determined and announced later by the Company; and

(e) vary the manner and/or purpose of utilisation of such proceeds as the Directors may deem fit and in the best interest of the Company, provided that:

(i) such new securities to be issued pursuant to this resolution, does not exceed 50% of the total number of issued shares of the Company for the time being (excluding treasury shares); and

(ii) the new securities are not priced at more than 30% discount to the theoretical ex-rights price.

THAT such approval of the Proposed Rights Issue Mandate shall continue to be in force until 31 December 2022.

THAT the Directors be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new securities 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 Proposed Rights Issue 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 6)*

8. **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

(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.

NOTICE OF 19TH ANNUAL GENERAL MEETING
(CONTINUED)

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 7)*

9. 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
29 April 2022

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**"). 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.
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 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, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com 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 **7 June 2022** 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 2021

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 Resolution 1 – Re-Election of Retiring Director 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.

Mr Chew Hoy Ping is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this AGM.

For the purpose of determining the eligibility of the Director to stand for re-election at this AGM and in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia, the Combined Nomination and Remuneration Committee ("**CNRC**") has reviewed and assessed the retiring Director from the annual assessment and evaluation of the Board for the financial year 2021. The CNRC has recommended the re-election of the retiring Director based on the following considerations:

(a) satisfactory performance and has met the Board's expectation in discharging his duties and responsibilities;
(b) met the criteria of character, experience, integrity, competence and time commitment in discharging his roles as Director of the Company;
(c) his ability to act in the best interest of the Company in decision-making; and
(d) demonstrated the level of independence.

The Board has endorsed the CNRC's recommendation subject to the shareholders' approval at this AGM.

The profile of Mr Chew Hoy Ping is set out in the Directors' Profile section of the Annual Report 2021.

NOTICE OF 19TH ANNUAL GENERAL MEETING
(CONTINUED)

3. Ordinary Resolution 2 – Re-Election of Retiring Director pursuant to Clause 89 of the Company's Constitution

Pursuant to Clause 89 of the Company's Constitution, any Director who is newly appointed shall hold office only until the next AGM and shall then be eligible for re-election but he shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

Ms Oei Su Lee who was appointed as Independent Non-Executive Director of the Company on 22 April 2022, is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at this AGM.

The appointment of Ms Oei Su Lee was duly considered by the CNRC taking into account her background, qualification, experience, competency, integrity and time commitment. Upon the recommendation of the CNRC, the Board approved the said appointment. Her profile is set out in the Directors' Profile section of the Annual Report 2021.

4. 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, which are the same amount as approved at the previous AGM held in 2021. The other benefits namely company car and driver, will be provided to the Chairman of the Board to be appointed in due course.

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 16 June 2022 until the conclusion of the next AGM of the Company to be held in 2023, in accordance with the 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	-	-	-

5. Ordinary Resolution 4 – Re-Appointment of Auditors

The Audit Committee has undertaken an annual assessment of the suitability and independence of Messrs KPMG PLT ("**KPMG**") as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities.

The Audit Committee was satisfied with the suitability of KPMG based on the quality of audit, performance, competency and sufficiency of resources that KPMG provided to the Group. The Audit Committee was also satisfied in its review that the provision of non-audit services by KPMG to the Company for the financial year 2021 did not in any way impair their objectivity and independence as the external auditors.

The Board has approved the Audit Committee's recommendation for the re-appointment of KPMG as Auditors of the Company at this AGM.

NOTICE OF 19TH ANNUAL GENERAL MEETING
(CONTINUED)

6. **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.

   Subsequently on 23 December 2021, Bursa Securities had issued a letter to extend the implementation and utilisation of the 20% General Mandate for another 12 months until 31 December 2022, subject to compliance with the requirements as spelt out in the said letter. The 20% General Mandate may be utilised by listed issuers to issue shares until 31 December 2022.

   With effect from 1 January 2023, 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.

   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.

7. **Ordinary Resolution 6 - Authority to Issue and Allot New Securities in the Company under the Proposed General Mandate for Rights Issue on a Pro Rata Basis ("Proposed Rights Issue Mandate")**

   Bursa Securities had on 10 November 2020, issued a letter to introduce further flexibility to facilitate secondary fund raising by listed issuers through an enhanced rights issue framework, subject to complying with the requirements as set out in the said letter. Listed issuers are allowed to undertake a rights issue on a pro rata basis through a higher general mandate, which must not exceed 50% of the total number of issued shares of the Company (excluding treasury shares) ("**new securities**"), and such new securities are not priced at more than 30% discount to the theoretical ex-rights price. The Proposed Rights Issue Mandate may be utilised by listed issuers to issue new securities until 31 December 2021.

   Subsequently on 23 December 2021, Bursa Securities had issued a letter to extend the implementation and utilisation of the Proposed Rights Issue Mandate for another 12 months until 31 December 2022, subject to compliance with the requirements as spelt out in the said letter. The Proposed Rights Issue Mandate may be utilised by listed issuers until 31 December 2022.

   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 the Proposed Rights Issue Mandate from its shareholders at the AGM.

NOTICE OF 19TH ANNUAL GENERAL MEETING
(CONTINUED)

The Board is of the view that the Proposed Rights Issue Mandate would be in the best interest of the Company and its shareholders as the Proposed Rights Issue Mandate 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 for the purpose of funding current and future investment(s), project(s), acquisition(s), working capital and/or such other application as the Directors may deem fit in the best interest of the Company. The Proposed Rights Issue Mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of new securities.

This Resolution, if passed, will give authority to the Company to undertake a rights issue exercise on a pro rata basis and the Directors of the Company to issue and allot new securities in the capital of the Company, which does not exceed 50% of the total number of issued shares of the Company for the time being (excluding treasury shares), and such new securities are not priced at more than 30% discount to the theoretical ex-rights price.

8. **Ordinary Resolution 7 – 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 29 April 2022.

STATEMENT ACCOMPANYING NOTICE OF 19TH 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 19th 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. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 29 June 2021.

   The proposed Ordinary Resolution 6 on the Proposed Rights Issue Mandate is a new mandate.

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 19th Annual General Meeting ("**AGM**") of the Company to be held virtually from the Broadcast Venue at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia and via Lumi AGM at https://meeting.boardroomlimited.my on **Wednesday, 15 June 2022 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 Mr Chew Hoy Ping		
Resolution 2	Re-election of Ms Oei Su Lee		
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	Authority to issue and allot new securities in the Company under the proposed general mandate for rights issue on a pro rata basis		
Resolution 7	Proposed renewal of authority for the purchase by the Company of its own shares		

Dated this ___________day of __________ 2022

____
Signature of Member

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)

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**"). 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 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, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com 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 **7 June 2022** 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), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 29 April 2022.

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MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
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