JAKS RESOURCES BERHAD

200201017985 (585648-T)

Towards Better Performance

2019 Annual Report

CONTENTS

JAKS AT A GLANCE

The business of JAKS was started by our founder Datuk Ang Ken Seng in the 60's from the humble beginning as a plumber providing services to residential premises. With the aim to be a major player in the water reticulation works, Datuk Ang later incorporated JAKS Sdn Bhd in 1987, which eventually became the core business and subsidiary of JAKS Resources Berhad ("JAKS") for its listing on the Main Market of Bursa Malaysia on 1 July 2004.

JAKS' Group of companies was initially engaged in water supply and infrastructure construction projects, supply and trading of building materials and steel related products. From there, the Group expanded its construction activities to cover property construction in recent years. With the experience and skills gained in the construction business, the Group has moved into property development of mixed residential and commercial development projects namely the strategically located projects at Ara Damansara and at Section 13 in Petaling Jaya.

On the international front, the Group has diversified into power and other large scale infrastructure projects. The strategy to invest overseas is to provide a safeguard against any adverse effects of cyclical local business activities especially in the construction activities.

OUR VISION

To be an innovative regional leader in the utilities, construction and infrastructure engineering industry.

OUR MISSION

- We will strive for excellence in providing highly reliable and cost-efficient service to our customers, without compromising in quality and safety
- We will deliver our promises in building value for our organisation in order to contribute sustainable financial achievement and achieve optimum growth
- We will take the lead to adopt continuous innovation and best practices to gain market competitiveness
- We will provide a nurturing environment for our employees by striking a balance between rewarding performance and allowing for personal enrichment

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK HUSSIN BIN HAJI ISMAIL
(Chairman)
(Independent Non-Executive Director)

ANG LAM POAH
(Chief Executive Officer)

DATO' RAZALI MERICAN BIN NAINA MERICAN
(Executive Director)

ANG LAM AIK
(Executive Director)

DATO' AZMAN BIN MAHMOOD
(Independent Non-Executive Director)

LIEW JEE MIN @ CHONG JEE MIN
(Independent Non-Executive Director)

TAN SRI DATO' HJ. ABD. KARIM B. SHAIKH MUNISAR
(Independent Non-Executive Director)

KHOR HUN NEE
(Independent Non-Executive Director)

SECRETARY

Leong Oi Wah (MAICSA 7023802)
SSM Practicing Certificate No. 201908000717

REGISTERED OFFICE

802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan.

Tel No : 603-7803 1126
Fax No : 603-7806 1387
Email : info@jaks.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan.

Tel No : 603-2783 9299
Fax No : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

UHY
Suite 11.05, Level 11
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

PRINCIPAL PLACE OF BUSINESS

Unit B-09-28, Tower B,
Pacific Towers, Jalan 13/6
Section 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

Tel : 603-76603333
Fax : 603-76608990
Website : www.jaks.com.my

PRINCIPAL FINANCIERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Great Eastern Life Assurance (Malaysia) Berhad
Al Rajhi Banking & Investment Corporartion (M) Bhd
AmBank (M) Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Stock Name : JAKS
Stock Code : 4723

CORPORATE STRUCTURE

JAKS RESOURCES BERHAD
200201017985 (585648-T)

LOCAL

- 98.05% JAKS Steel Industries Sdn Bhd
- 70% Pipe Technology System Sdn Bhd
- 100% Empire Deluxe Sdn Bhd
  - 100% Wing Tiek Ductile Iron Pipe Sdn Bhd
- 51% JAKS Offshore Sdn Bhd
- 100% JAKS Sdn Bhd
  - 100% JAKS Power Sdn Bhd
  - 100% JAKS Marketing Sdn Bhd
  - 70% JAKS-KDEB Consortium Sdn Bhd
    - 100% Integrated Pipe Industries Sdn Bhd
  - 51% JAKS Island Circle Sdn Bhd
  - 51% Fortress Pavilion Sdn Bhd
- 100% Harbour Town Sdn Bhd
  - 51% MNH Global Assets Management Sdn Bhd
    - 100% Evolve Concept Mall Sdn Bhd
- 100% Premier Place Property Sdn Bhd
- 100% Harbour Front Development Sdn Bhd
- 100% JAKS Solar Power Holdings Sdn Bhd
  - 100% JAKS Solar Power Sdn Bhd
  - 100% JAKS Solar Land Sdn Bhd

OVERSEAS

- 100% Gain World Trading Limited
- 100% Golden Keen Holdings Limited
- 100% JAKS Power Holding Limited
  - 100% JAKS-MPC (HD) Limited
  - 30% JAKS Pacific Power Limited
    - 100% JAKS Hai Duong Power Company Limited

Jointly Controlled Operations

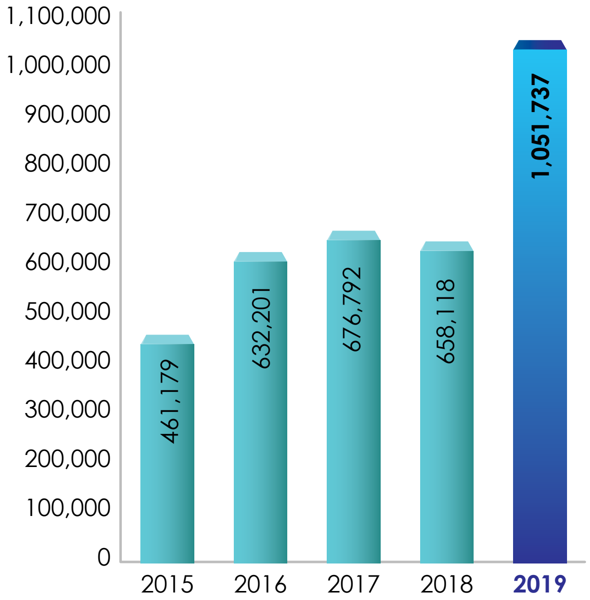
- 50% KACC-JAKS Joint Venture
- 50% JAKS-KACC Joint Venture
- 50% JAVEL-JAKS Joint Venture

Construction
Manufacturing
Trading
Investment Holding
Property Development
Investment, implementation & operation of project

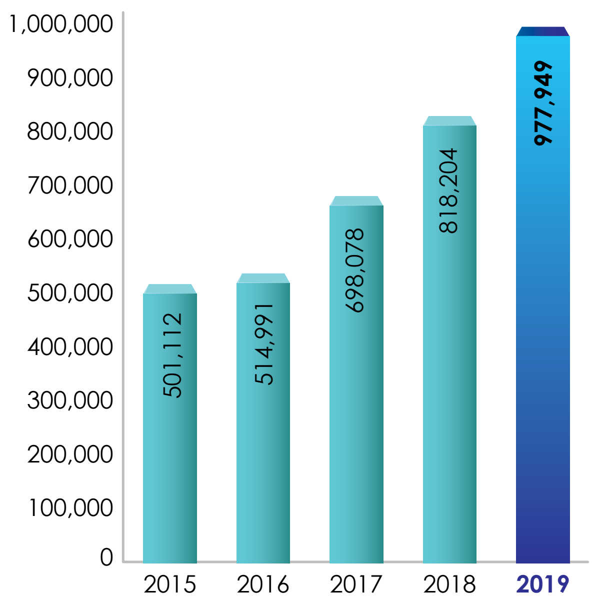
5 YEARS FINANCIAL HIGHLIGHTS

	Financial Year Ended				
Group Five Years Summary	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**
Revenue	461,179	632,201	676,792	658,118	1,051,737
Profit / (Loss) before tax	55,282	(7,019)	112,211	(43,203)	52,630
Profit / (Loss) attributable to owners of the Company	41,467	698	126,640	15,351	108,050
Share Capital	438,361	438,361	524,387	598,975	659,642
Shareholders' funds	501,112	514,991	698,078	818,204	977,949
Number of Shares	438,361	438,361	492,747	545,943	643,118
Net assets per share (RM)	1.14	1.17	1.42	1.50	1.52

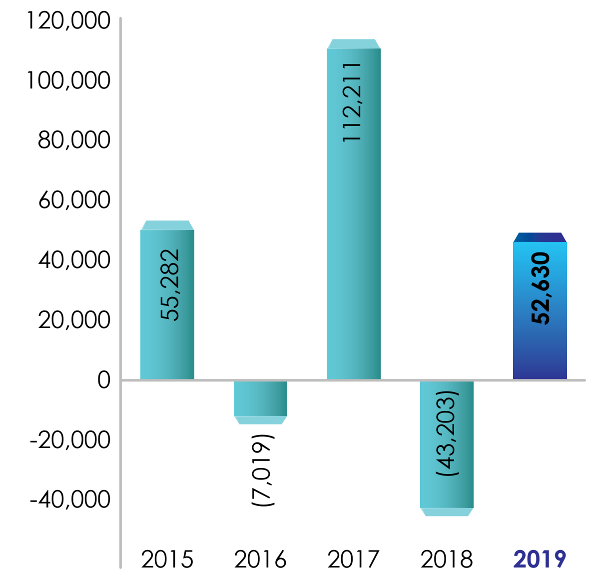
Revenue (RM'000)



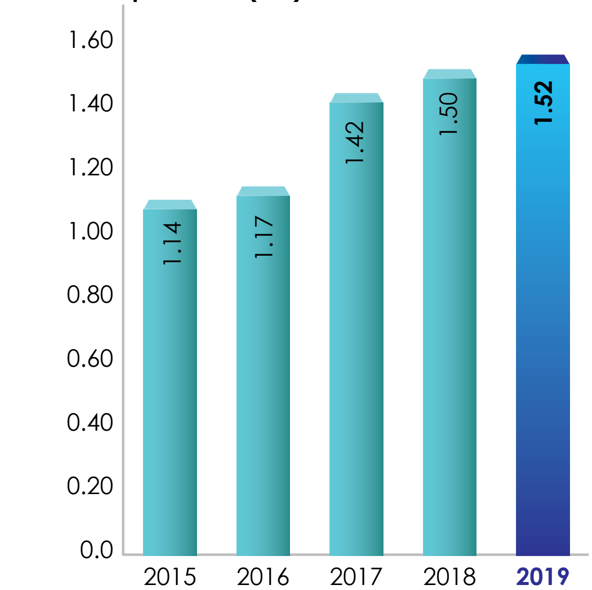
Shareholders' funds (RM'000)



Profit / (Loss) before tax (RM'000)



Net assets per share (RM)



BOARD OF DIRECTORS

TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

A Malaysian, aged 67, was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 28 September 2012, he was appointed as Chairman of the Company. He is a member of Audit Committee, Remuneration Committee, Nomination Committee and the Chairman of Sustainability Committee.

Tan Sri Hussin holds a Diploma in Police Science from Universiti Kebangsaan Malaysia and a Master's degree of Occupational Safety and Health Risk Management from Open University Malaysia, and is a former Deputy Inspector General of Police in Royal Malaysian Police (RMP). His excellent achievements are attributed to 39 years of working experience in various senior positions in RMP. The exposure of managing at various levels in RMP are added values to extensive policing knowledge and skills which have further enhanced personal capabilities and credibility in managing the Force in the higher position. Currently, Tan Sri Hussin is the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of EP Manufacturing Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Tan Sri Hussin does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. He has no convictions for offence within the past five years.

ANG LAM POAH

A Malaysian, aged 52 was appointed to the Board on 23 December 2003. He is the Chief Executive Officer of the Company and member of the Sustainability Committee.

He holds a Diploma in Business Administration from Toronto School of Business. Upon obtaining his diploma in 1990, he started his career with JAKS.

He has been actively involved in the day-to-day operations and management of the water construction projects and property construction activities undertaken by JAKS upon his graduation. Apart from the water and property construction activities, he has also been involved in setting up of manufacturing mild steel pipes and common clay bricks companies. He also holds directorships in several other private limited companies.

Ang Lam Poah is the brother to Executive Director, Ang Lam Aik. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)

DATO' RAZALI MERICAN BIN NAINA MERICAN

A Malaysian, aged 49 was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He has been actively involved in various businesses after the completion of his university degree in 1995. Since then, he has acquired extensive experience and expertise especially in the water, property construction and steel manufacturing industries.

Dato' Razali does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

ANG LAM AIK

A Malaysian, aged 46, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He holds a Diploma in Computer Science from Canada and has been involved in project management and construction related fields since 1995.

Ang Lam Aik is the brother to the Director/Chief Executive Officer, Ang Lam Poah. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

DATO' AZMAN BIN MAHMOOD

A Malaysian, aged 69, was appointed to the Board as Director on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee. He is also a member of Remuneration Committee.

Dato' Azman is a member of the Institute of Chartered Accountants in England and Wales. He has vast experience working in a number of auditing firms in London, United Kingdom and Johor Bahru, Malaysia.

He joined Kumpulan Perangsang Selangor Berhad in 1983 and left in 1990 to become the Managing Director of Worldwide Holdings Berhad, a public company listed on Bursa Malaysia Securities Berhad until 1996.

Presently, Dato' Azman is the Executive Chairman of Fine Access Sdn Bhd, a company involved in property development and property investments. He is also the Chairman of Crystalville Sdn Bhd, a company involved in property development in Kuala Lumpur and Klang Valley, and the Chairman of Cocoaland Holdings Berhad, a food confectionary manufacturer listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Chairman of I-Stone Group Berhad which provides system integration for manufacturing test and measurement system.

Dato' Azman does not have any family relationship with any other Director and/or major shareholder and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)

LIEW JEE MIN @ CHONG JEE MIN

A Malaysian, male, aged 61, was appointed to the Board on 23 December 2003. He is also the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee of the Company.

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. He established the firm Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practising since, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and the Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of the Associated Chinese Chambers of Commerce and Industry of Malaysia. He is an advisor to Sunsuria Berhad, and a legal advisor to the Malaysia Used Vehicle Autoparts Traders Association, the Kuala Lumpur & Selangor Furniture Entrepreneur Association and Sekolah Menengah Chung Hua (PSDN) Klang.

Mr Chong is also the Chairman of YKGI Holdings Berhad, and a Director of Parkson Holdings Berhad and Hextar Global Berhad (formerly known as Halex Holdings Berhad), all public listed companies listed on Bursa Malaysia Securities Berhad.

Mr Chong does not have any family relationship with any other Director and/or major shareholder of the company and has no conflictof interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)

TAN SRI DATO' HJ. ABD KARIM BIN SHAIKH MUNISAR

A Malaysian, aged 69, was appointed to the Board on 17 April 2019. He is an Independent Non-Executive Director of the Company.

He holds a Master in Business Administration (Business Finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, United Kingdom and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

In 1974, Tan Sri Dato' Hj. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975-1980, he held different positions in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/Gopeng Municipal Council and also Assistant State Secretary of Perak (UPEN).

He was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; Chief Assistant State Secretary of Selangor (Local Authority Division) in 1987.

He also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum President of Sepang District Council from 1998-2003. In 2005, he opted to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' Hj. Abd Karim was previously the Executive Chairman of various companies listed on Bursa Malaysia Securities Berhad such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' Hj. Abd Karim was also a member of the Board of Directors for Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash), Cyberview Sdn Bhd and Alam Flora Sdn Bhd.

He currently sits on the Board of MCT Berhad, Lion Forest Industries Berhad and Kingsley Edugroup Berhad.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

KHOR HUN NEE

A Malaysian, aged 42, was appointed to the Board on 02 Dec 2019 as an Independent Non-Executive Director of the Company. She is a member of the Audit Committee and Sustainability Committee.

Ms Khor Hun Nee has a professional qualification as a Certified Financial Planner and is a member of Financial Planning Association of Malaysia. She also holds the Capital Markets Services Representative's License issued by the Securities Commission Malaysia. In addition, she is a member of Malaysia Institute of Accountants and a fellow member of The Association of Chartered Certified Accountants.

Ms Khor Hun Nee started her career in 2000 in audit field for about four years. She then moved to various senior finance positions, amongst others, with Intel Technology Sdn Bhd, Computer Systems Adviser and Airbus Helicopters Malaysia Sdn Bhd. She has more than 17 years of experience in finance management, financial reporting, corporate finance, auditing and taxation. She is currently self-employed as a licensed financial planner.

Ms Khor Hun Nee does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no convictions for offence within the past five years.

Note:
- *The profiles of Executive Directors and Senior Management are not presented separately.*

CHAIRMAN'S STATEMENT

On behalf of the Board, it is my privilege to present to you JAKS Resources Berhad's ("JAKS") Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2019 ("FYE2019").

FINANCIAL REVIEW

In FYE2019, the Group achieved a significant milestone in breaching the RM1.0 billion mark where the Group recorded a revenue of RM1.052 billion, 59.8% higher year-on-year. Profit before tax was RM52.6 million (financial year ended 31 December 2018 ("FYE2018"): loss before tax of RM43.2 million) whilst net profit after excluding non-controlling interest was 603.9% higher at RM108.1 million (FYE2018: RM15.4 million). The construction division was the largest contributor to the Group's revenue with RM1.028 billion, whilst its profit before tax was RM162.0 million. Out of these, the Vietnam EPC Contract 2 contributed a revenue amounting to RM817.6 million and a profit before tax of RM190.9 million.

The Group's basic earnings per share rose to 17.55 sen, a significant improvement from the 2.88 sen reported for FYE2018. Net assets per share improved marginally to RM1.52, a slight increase from RM1.50 as at FYE2018.

The overall profitability of the Group was affected by loss before tax incurred by the property development & investment division of RM105.1 million in the FYE2019, mainly due to the provision of RM37.4 million in respect to the liquidated ascertained damages ("LAD") provided in the year under review.

Full details and further analysis of our financial performance are available in the Management Discussion and Analysis segment of this Annual Report.

DIVIDEND

The Board is not recommending any dividends for FYE2019 as the Board is of the view that priority shall be given to conserve cash for the purposes of, amongst others, to meet the working capital requirements of the Group as well as to build a sizeable war chest for potential mergers and acquisitions activities in the future, if the opportunities arise. The Board is confident that the continuous reinvestment into the core businesses of the Group will lead to long-term sustainability and growth of the Group.

CURRENT DEVELOPMENT

The Board had on 22 May 2020, announced that the Company proposed to undertake a renounceable rights issue of new ordinary shares in JAKS, together with free detachable warrants in JAKS to raise proceeds of up to RM160.92 million ("Proposed Rights Issue with Warrants"). The Proposed Rights Issue with Warrants is subject to the approval of the shareholders of JAKS at an extraordinary general meeting to be convened.

LOOKING AHEAD

The global landscape in 2020 should see a dent on economic growth, marked by the many presence of market-moving forces - rustling volatility and Covid-19 pandemic - which in turn shape the direction of the economy in 2020. The International Monetary Fund has forecasted the global economy to contract sharply by –3% in 2020 due to the pandemic.

According to Bank Negara Malaysia ("BNM"), Malaysia's GDP growth is projected at between -2.0% and +0.5% in 2020 against a highly challenging global economic outlook due mainly to the COVID-19 pandemic. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. BNM has noted the overall risks to the domestic growth outlook are tilted to the downside, mainly due to the risk of prolonged and wider spread of Covid-19 and its effects on the global and domestic economy. On a positive note, to help cushion the effects of COVID-19, the Malaysian Government has implemented multiple economic stimulus packages amounting to RM295 billion as well as the bank's financial measures such as automatic 6-month moratorium on loan repayment and restructuring on credit card balances to ease the financial burden faced by corporates, small and medium entreprises and individuals.

Chairman's Statement (cont'd)

The Group acknowledges the uncertainty of the current market situation, and therefore will continue to review and revise its business strategies to meet the challenges in the year ahead. For 2020, the Group will continue to exercise due care and prudence in our contract/project tenders and will focus on project execution to ensure that our projects can deliver sustainable level of revenue and profit. With our outstanding construction order book of RM618.6 million as at FYE2019, including RM338 million from the Vietnam EPC Contract 2 which is proceeding as scheduled, the Group's construction division will continue to be the main contributor for the financial year 2020. For the property development and investment division, we will work towards delivery of some of the developed properties which have been delayed and complete the Pacific Star project as soon as possible and to improve the yields on our investment properties. The Group will place emphasis on completing the Hai Duong power plant in Vietnam and barring any adverse developments, the power plant will be ready for operation by third quarter of this year.

The Government of Malaysia has implemented Movement Control Order ("MCO") on 18 March 2020, which has since been extended and replaced with the Conditional MCO and Recovery MCO up to 31 August 2020 in a bid to contain the novel coronavirus Covid-19. This restriction prohibits all government and private businesses from operating except those providing essential services. As a result, all construction projects were halted, and this has affected the construction progress and supply chains of the construction industry. With the Covid-19 situation is still evolving and remains uncertain with various adversities and challenges in the current market conditions, the Group's operations and financial performance will inevitably be impacted for the coming financial year ending 31 December 2020. The Group will continue to monitor and implement appropriate measures in a timely manner to mitigate the impact on the Group's performance.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my utmost gratitude to our shareholders for the steadfast trust and confidence in JAKS. To our employees, as well as the management team and the Boards of all the companies under our Group, I wish to convey my deep appreciation for their worthy sacrifices, hard work and loyalty. My sincere thanks to the many external partners that worked with or alongside us whose support and reliability has been critical to our success. Our heartfelt appreciation also to our valued customers and clients, business associates, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their unwavering support and cooperation.

The Board welcomes Miss Khor Hun Nee who joined our Board on 2 December 2019 as an Independent Non-Executive Director of the Company and serves as a member of the Audit Committee. She brings with her more than 17 years of experience in the area of finance management, financial reporting, corporate finance, auditing and taxation. Miss Khor is our first woman director on the Board as the Company believes that the diversity on the Board will allow the decisions of the Board to be made objectively in the best interests of the Company, taking into account diverse perspectives and insights.

I would also like to take this opportunity to thank my fellow Board members for their guidance and counsel. I am grateful that JAKS has a formidable Board with the vision, expertise and experience to provide sound counsel and corporate strategies to propel our Group to greater heights.

Tan Sri Datuk Hussin Bin Haji Ismail
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statement

This Management Discussion and Analysis ("MD&A") contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "estimate", "plan", "expect", "intend", "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to the management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performances or achievements to be materially different from any future forward-looking statements. The Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Introduction

This MD&A is dated 11 June 2020, the date it was approved by the Board of Directors of JAKS Resources Berhad ("JAKS" or "Company") and reflects all material events for the financial year 2019. It should be read in conjunction with the Audited Financial Statements of the Group and the Company, including the notes thereof, for the financial year ended 31 December 2019 ("FYE2019").

Corporate Exercise in FYE2019 – Private Placement of Shares

On 18 April 2019, JAKS announced to undertake a private placement of up to 10% of the total number of issued shares of JAKS. The Company completed the private placement on 28 May 2019 comprising of 58,465,313 new ordinary shares in JAKS at an issue price of RM0.70 per JAKS Share, which represents a discount of RM0.06 or approximately 7.89% to the 5-day volume weighted average market price of JAKS Shares up to and including 14 May 2019, being the market day immediately preceding the price-fixing date, of RM0.76 per JAKS Share. The private placement successfully raised a total of RM40.92 million which enabled the Company to finance its investment in the Vietnam power plant project, general expenses of ongoing renewable energy project and repayment of bank borrowings. As at 31 December 2019, the proceeds raised has been fully utilised.

Group Financial Review

In FYE2019, the Group's revenue breached the RM1.0 billion mark, having registered RM1.052 billion, 59.8% higher year-on-year. Profit before tax ("PBT") turnaround to RM52.6 million (financial year ended 31 December 2018 ("FYE2018"): loss before tax ("LBT") of RM43.2 million) whilst net profit after excluding non-controlling interest was 603.9% higher at RM108.1 million (FYE2018: RM15.4 million). The construction division accounted for a substantial portion of the Group's revenue with a contribution of RM1.028 billion and PBT of RM162.0 million, of which RM817.6 million revenue and RM190.9 million profit before tax were contributed by the Vietnam EPC Contract 2.

The overall profitability of the Group was affected by the loss before tax incurred by the property development & investment division of RM105.1 million in the FYE2019, mainly due to the provision of RM37.4 million in respect to the liquidated ascertained damages ("LAD") provided in the year under review.

Management Discussion And Analysis (cont'd)

Liquidity and Capital Resources

At the end of FYE2019, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.05 times (FYE2018: 1.14 times). A current ratio of more than 1 indicates the Group's ability to meet its short-term obligations. The table below highlights the major cash flow components for FYE 2019 and FYE2018.

	FYE2019 RM'000	FYE2018 RM'000	Change RM'000
Cash flows from operating activities	211,653	41,206	170,447
Cash flows used in investing activities	(209,688)	(59,130)	(150,558)
Cash flows used in financing activities	(1,012)	38,372	(39,384)
Increase/(Decrease) in cash and cash equivalents	953	20,447	(19,494)

The higher cash flows from operating activities in FYE2019 was due to higher revenue and profit recorded by the Group.

Additional capital contribution by way of shares subscription in the joint venture company for the Hai Duong power plant project in Vietnam, namely JAKS Pacific Power Limited led to higher cash used in investing activities in FYE2019.

The Group's net cashflow from financing activities mainly consists of proceeds from the issuance of new ordinary shares in JAKS pursuant to the private placement exercise undertaken during FYE2019 and the proceeds raised was partially utilised to repay existing bank borrowings.

Borrowings

The Group's total borrowings stood at RM421.5 million as at FYE2019, RM13.2 million lower than as at FYE2018 of RM434.7 million. Consequently, the net gearing ratio improved from 0.53 times to 0.43 times.

Review of Operating Activities - Power Division

The Group's foray into the power generation business started in 2011 when the Investment Certificate by the Ministry of Planning and Investment of Vietnam was granted to establish the project company, JAKS Hai Duong Power Company Limited to develop a 2x600 MW coal-fired thermal power plant in Phuc Thanh Commune, Kinh Mon District, Hai Duong Province, Vietnam, under the form of Build-Operate-Transfer ("BOT") ("Hai Duong BOT Thermal Power Plant") for 25 years. This move was to generate a more sustainable and predictable income stream as the core construction business became more competitive.

Construction of the Hai Duong BOT Thermal Power Plant started in 2016 and officially commenced in the first quarter of 2017 and is progressing well on schedule. As at 31 December 2019, the overall construction works is at 90% completion. To-date, a total revenue of RM1.49 billion was recognised from the Vietnam EPC Contract 2 since 2016, contributing RM366.0 million net profit to the Group. The remaining works are to be recognised progressively in year 2020.

The main building, concrete works for the chimney body and the steel structures for the boiler, turbines and generators have been constructed. The equipment has been installed and Unit 1 of the Hai Duong BOT Thermal Power Plant is now progressing on schedule to the next phase of testing and commissioning. The construction of the coal-limestone jetty, other ancillary works and equipment have also been completed and installed, with the jetty and auxiliaries are currently undergoing testing and commissioning. The living quarters and administrative building have been completed in 2019 and are currently in use.

The commercial operation of the first unit of the power plant is expected to commence in fourth quarter of 2020, followed by the second unit in first quarter 2021. Upon completion of the construction and commencement of commercial operations of the power plant, the Group will be able to generate recurring concession-type earnings from the generation and sale of power for a period of 25 years.

Management Discussion And Analysis (cont'd)

Further to the above BOT contract, JAKS is actively looking to expand its Power division's business into renewable energy projects in the Southeast Asia region. The division is currently in the midst of identifying opportunities to venture into, with particular focus on solar and hydropower projects in Vietnam and Malaysia. With the increase in demand for energy in this region, the Group is optimistic of its renewable energy prospects.

Power Division – Trend and Outlook

Vietnam will be faced with severe power shortages from 2021 as electricity demand outpaces construction of new power plants in this Southeast Asian country. Vietnam's demand for electricity will exceed its supply by 6.6 billion kilowatt hours (kWh) in 2021, increasing to 15 billion kWh by 2023, equivalent to about 5% of forecasted demand for electricity then, according to Vietnam's Ministry of Industry and Trade. With a population of 96.0 million and annual gross domestic product growth of about 7% backed by robust foreign investment and exports, Vietnam's power generation will need to rise from about 48,600 MW currently to 60,000 MW by 2020 and 129,500 MW by 2030, according to government data (Source: Reuters article dated 31 July 2019: "Vietnam will face severe power shortages from 2021: The Ministry of Industry and Trade of Vietnam"). Barring any unforeseen circumstances, the 25 years BOT contract will provide JAKS with a long-term recurring income stream from the power concession from the fourth quarter 2020 onwards.

Review of Operating Activities - Construction Division

As the key contributor to the Group, the construction division performed exceptionally well in FYE2019, registering an increase of 63.6% in revenue as compared to FYE2018, mainly through JAKS's wholly-owned subsidiaries, JAKS Sdn Bhd (which predominantly carries out local construction projects, and contributed RM210 million in revenue in FYE2019) and Golden Keen Holdings Limited (which predominantly carries out the EPC Contract 2 in Vietnam, and contributed RM817.6 million in revenue in FYE2019). The surge in revenue was mainly due to higher contributions from both the local projects and Vietnam EPC Contract 2 with substantially higher progress billings.

The construction division performs construction management, as well as various civil construction projects with a large portion of the work in 2019 focused on infrastructure construction, construction of sewerage treatment plant as well as, power and water related facilities.

The current on-going construction projects in Malaysia are:
(i) Four (4) wastewater and water-related facilities projects with a total contract sum of RMRM679.9 million;
(ii) One (1) roadworks construction project with a contract sum of RM508.5 million;
(iii) One (1) building construction project with a contract sum of RMRM90.4 million; and
(iv) One (1) property construction works project with a contract sum of RM490.9 million.

As mentioned under the Section "Review of Operating Activities – Power Division" above, the construction works in Vietnam under the EPC Contract 2 is progressing well on schedule and is poised to the next phase of testing and commissioning.

The construction division contributed a PBT of RM162.0 million to the Group, of which RM190.9 million was derived from the Vietnam EPC Contract 2. The local construction projects, on the other hand, did not perform as well as it faced margins compression as well as escalating overheads and project costs.

Construction Division – Trend and Outlook

According to Bank Negara Malaysia, Malaysia's GDP growth is projected at between -2.0% and +0.5% in 2020 against a highly challenging global economic outlook due mainly to the Covid-19 pandemic. In the near term, the Group's construction division, supported by an outstanding order book of RM618.6 million as at FYE2019, including RM338 million from the Vietnam EPC Contract 2 which is proceeding as scheduled, will continue to be the main contributor for the financial year 2020.

For 2020, the Group will continue to exercise due care and prudence in our contract/project tenders and will focus on project execution to ensure that our projects can deliver sustainable level of revenue and profit. The Group will continue to bid for construction projects to replenish the order book, selectively targeting higher margin projects. At the same time, the Group will also be actively looking for opportunities to acquire existing operational power and solar plants, water infrastructure projects and sewerage treatment plants in Vietnam and Malaysia, as these plants can provide immediate earnings to the Group. The Company aims to strengthen its business portfolio by acquiring existing projects with recurring income stream in order to be sustainable.

Management Discussion And Analysis (cont'd)

Review of Operating Activities - Property Development & Investment Division

Property development & investment division contributed a net revenue of RM23.4 million (after the provision for RM37.4 million LAD) in FYE2019 as compared to a net revenue of RM25.5 million (after the provision for RM32.3 million LAD and charge of RM50.0 million disputed performance liability) in the previous year. The lower LBT of RM105.1 million as compared to RM117.4 million in the previous year was due to the absence of RM50.0 million disputed performance liability which was charged out in the fourth (4th) quarter ended 31 December 2018.

Evolve Concept Mall at Ara Damansara has yet to achieve optimal yield and after taking into account the operating, depreciation and financing expenses, the property development & investment division's performance was adversely affected. The Group will work to further improve the occupancy rate for this mall with the aim to achieve operational breakeven target. Initiatives have also been undertaken to revamp the tenancy mix and recently, a major home furnishing store has signed up as the anchor tenant taking up 109,542 square feet or 27.8% of the net lettable area of the mall.

The ongoing mixed development project known as the Pacific Star achieved a sales of RM93.6 million in FYE2019 and RM1.044 billion up to FYE2019 (up to FYE2018: RM951 million), representing 99.8% of the total gross development value ("GDV") of approximately RM1.046 billion. The Group targets to complete the development project by second half of 2020.

The Group has decided to take a step back from the property development sector for the time being in view of the local property sector's outlook being expected to remain challenging and sluggish in 2020. As at end of March 2020, the Group has unbilled sales of RM130.2 million from its property development projects.

Property Development & Investment Division – Trend and Outlook

The local property sector is expected to remain challenging in 2020. The key issues of price affordability, overhang of high-priced homes, rising cost of living and tight financing conditions will continue to have a dampening effect. Nonetheless, the property development & investment division will continue to focus on working towards delivery of the Group's developed properties which have been delayed and to complete the Pacific Star project as soon as possible, as well as to improve the yields on the Group's investment properties especially the Evolve Concept Mall.

Moving forward, the Group has no plans to pursue with property development after the completion of Pacific Star. Nevertheless, with approximately 300,000 square feet of lettable space, the Group will have the Business Hub to provide recurring investment property income upon the completion of the Pacific Star. Based on the strategic location of the Business Hub at Section 13 of Petaling Jaya, better returns are expected from this property investment as compared to the Evolve Concept Mall at Ara Damansara. We will place more emphasis on social media marketing tools and special events to increase the visibility of and to attract more shoppers to Evolve Concept Mall. Concurrently, the Group is also exploring several options and strategies to improve the occupancy rate and yields of the mall, which may involve repurposing and repositioning the mall to a fresh concept that is more viable and caters for new trends and demand.

Review of Operating Activities – Investment Holding & Others Division

The investment holding & others division contributed a revenue of RM0.74 million to the Group in FYE2019. With lower revenue and costs incurred in relation to the restricted share plan amounting to RM19.7 million, this division incurred a LBT of RM36.8 million in FYE2019.

Risk Management

The Group is in the business of infrastructure development including independent power plant ("IPP"), which is capital intensive and have long gestation periods of 4 years to 6 years. In the continuous commitment to optimise shareholders' value, the Enterprise Risk Management ("ERM") Framework was enhanced in 2019, adopting a risk assessment process which is in line with ISO 31000:2009. The Company remains focused on the risk profiles of potential vendors and contractors, with an internal vendor risk rating mechanism. This is to ensure smooth construction of projects and avoid risks due to any third-party dependence. The Company understands the risk environment encompassing its business which are classified broadly below with the risk description together with information on key mitigation strategies and efforts.

Operational Risks

Risks arising out of inefficiencies, internal failures and/or collusion from regular operations, such as:

(i) Project opportunity risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development;

(ii) Bidding risk on account of inadequate or erroneous assumptions made while arriving at the financial bid variable;

(iii) Financing risk on account of the high capital commitment on the IPP project;

(iv) Project implementation risk on account of not meeting the project schedule, quality or budget; and

(v) Ownership & maintenance risk on account of several risks faced during the operations and maintenance phase of a project.

Operational Risks – Mitigation Strategies and Efforts

A careful selection and thorough evaluation of prospective projects will minimise the chances of getting into non-profitable projects. The Company undertakes review of project feasibility (technical review) and project financial viability (financial review). Further, the Company follows a risk specific bid/project risk assessment framework to identify key risks associated with various opportunities and projects, along with their mitigation planning and continuous monitoring. The Company has laid down standard operating procedures at the function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are being further strengthened and supported by adequate checks and balances, including risk-based internal audit, documentation management systems and the introduction of delegation of financial and nonfinancial powers. This will ensure that a culture of proactive risk management is embedded in all levels of the organisation with required support systems in place.

External Risks

Risks arising out of changes in the external environment, such as:

(i) Interest rate risk on account of the capital markets' volatile interest rates on outstanding project debts;

(ii) Competition risk on account of strategies adopted by existing and new entrants in the infrastructure development business; and

(iii) Natural calamities (Act of God), civil disturbance etc.

External Risks – Mitigation Strategies and Efforts

The Company pro-actively identifies each significant 'external change' and prepares to deal with it with forward planning. The Company continues to build strategies not only to sustain but thrives owing to its meticulous processes. The Company understands its competition and keeps an update of its contemporaries to stay a notch above them. The Company has a focused strategy for clients, partners, vendors and contract management to mitigate and avoid (if possible) various possible external risks. Though the Company cannot prevent natural calamities, it is adequately geared up with appropriate insurance covers to minimise losses and restore normalcy within a short time.

SUSTAINABILITY STATEMENT

Our Commitment to Business Sustainability

This Sustainability Statement ("the Statement") is prepared in accordance with Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Unless otherwise stated, this Sustainability Statement covers our sustainability performance of the operations of JAKS Resources Berhad ("JAKS" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ("FY") ended 31 December 2019 ("FY2019").

In support of Bursa Malaysia Securities Berhad's ("the Exchange") efforts were made to improve the sustainability disclosure. This is the third year we publish our sustainability statement, prepared with reference to the requirement under Global Reporting Initiative ("GRI").

We are pleased to share with you the way in which we have identified the economic, environmental, social risks and opportunities considered material to our business by us and our stakeholders as well as to inform our stakeholders the initiatives which we have taken to improve our policies, processes, procedures and sustainability database information. This Sustainability Statement consists of 3 sections: Economic, Environment and Social across the 3 business divisions: - Construction, Property Development & Investment Division and Property Management and covers a reporting period from 1 January 2019 to 31 December 2019.

Sustainability Governance

We recognise that a strong sustainability governance structure is imperative and key to a sustainable business. In FYE2019, we established a Sustainability Committee, comprising 3 members, Managing Director, Director and is chaired by Chairman of JAKS. The Sustainability Committee reports to the Board of Directors on the sustainability matters and activities.

The Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the Company. The Sustainability Committee on the other hand is responsible to oversee the formulation, implementation and effective management of the sustainability matters across the business and in line with the Group strategies. Meanwhile, the Operational management executes and implement the strategies on the day-to-day basis and reports their operational activities to Sustainability Committee.

Board of Directors

Sustainability Committee

Operation Management

As part of our sustainability improvement efforts, we established a Term of Reference ("TOR") for Sustainability Committee ("SC"). The TOR stipulates the roles and responsibilities of SC, its membership criteria, managing and setting sustainability objectives, key indicators, performance measures, and coordination of sustainability strategies across the Group. The SC also monitors the sustainability matters across various businesses, divisions and units in line with the Sustainability Policy. Both TOR and Sustainability Policy were approved by the Board during the year and in progress of implementation throughout the FY2020.

Stakeholders' Engagement

We place significant emphasis on stakeholder engagement as we operate in a business environment which interact with large group of stakeholders, who have direct and indirect impact arising from the Group's business activities, whether positively or negatively.

We undertake various communication channels, which include conventional documents, electronic documents, web-based media platforms and face-to-face communications to understand these stakeholders' interests and concerns towards our business operations and sustainability performance which can be summarised as follows:

No.	Key Stakeholders	Description	Communication Channels
1	Shareholders / Investors / Board of Directors	Shareholders and investors provide fund for the Group with the expectation for returns. Engagement with shareholders and investors is critical to enable them to understand the Group's business, its strategies, future growth and expectation	• Annual general meetings • Bursa Malaysia announcements • Ongoing media release
2	Customers: • Infrastructure customers • House buyers • Commercial buyers • Tenants	It is important for the Group to provide highly reliable and cost-efficient service and product to customer, without compromising in quality and safety.	• Corporate events • Correspondences • Brochures • Media announcement, social media and advertisement • Monthly progress meeting and progress reports
3	Financiers / Banks / Analysts	The Group seeks various funding method to finance its operation.	• Annual General Meetings • Extraordinary general Meetings • Media announcements • Corporate interviews and meetings • Banking facility review • Announcements to Bursa Malaysia
4	Local Authorities / Regulators / Government ministries	Authorities and government establish rules and regulation, which govern the Group's operation. The Group engages with them to ensure it complies with the legislations.	• Compliance with rules and regulation • Submission of reports required under regulations • Regulatory compliance • Seminar and trainings • Periodic visits and inspections
5	Sub-contractors / Suppliers	We rely on sub-contractors / suppliers in the execution and completion of construction projects and purchases of construction materials (i.e. plywood, steel, pile and etc.).	• Suppliers' audit and review • Tenders exercises and meetings • Emails and phone calls communication • Suppliers' briefing and meetings

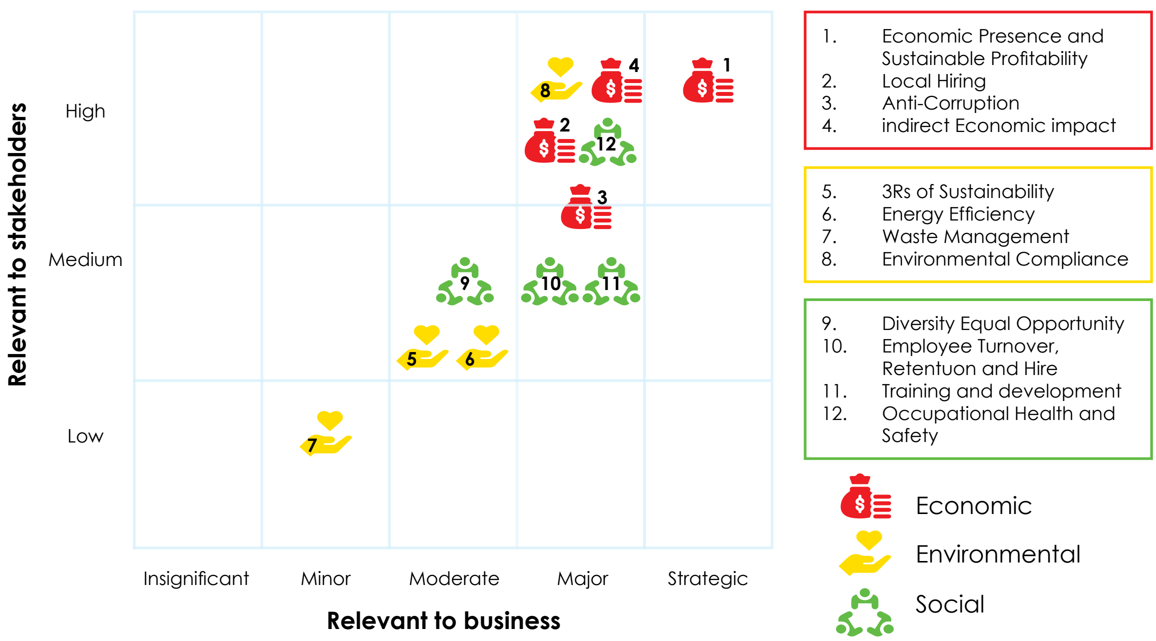
Sustainability Statement (cont'd)

No.	Key Stakeholders	Description	Communication Channels
6	Employees	Our people are key to our operation to achieve our business objectives. The Group's objectives are to serve them well and provide them with conducive working environment enabling them to grow and prosper with the Group	• Townhall sessions • Performance management • Involvement in community activities • Company annual dinner / festival functions and celebrations • Informal periodic departmental meetings • Trainings and development
7	Media	New development for the public knowledge / promotion	• Interviews • Advertisements • New project launches

Materiality Assessment and Key Sustainability Matters

The Group conducted a materiality assessment workshop to identify and prioritise key sustainability matters to our business operation and our stakeholders. The workshop was held with the key senior management and was facilitated with an analysis by an independent consultant on the Group's business operation and risk areas.

A total of 12 key sustainability matters were subsequently deliberated and approved by the Board of Directors. The key sustainability matters identified are outlined below:



A. Economic

Direct impact: Economic Presence and Sustainable Profitability

The principles of sustainability are integral in our pursuit of economic growth. In the long-term, our focus is to build long term value for stakeholders by maintaining strong financial results. The details of our financial results are discussed in the Management Discussion & Analysis of this Annual Report.

Local Hiring

As part of our long-term sustainability strategies, we encouraged the employment of locals in Malaysia and outsourcing certain construction and property development activities through sub-contractors. We have a total of 157 employees (2018:160) as at 31 December 2019. As most of our business operation are in Malaysia, all our Senior Management positions are held by Malaysians.

Anti-Corruption

With the introduction of Guidelines on Adequate Procedures and requirements by Malaysian Anti-Corruption Commission ("MACC") Amendments Act 2018, JAKS is committed to ensure a sustainable and ethical business conduct within the Group. In doing so, JAKS engaged an external consultant to ascertain the readiness of the Group pertaining to the Anti-Bribery & Anti-Corruption ("ABAC") Manual, which is developed to provide the principles and expected standard of behaviour towards embedding anti-bribery and anti-corruption policy Group wide.

Our Code of Ethical Conduct and Conflicts of Interest (the "Code") in JAKS's Employee Handbook articulates our ethical standards. The Code serves as a guidance which is expected to be complied, highlighting the Group's commitment to the stakeholders in preserving economic sustainability. It is a mandate for all employees to observe high ethical business standards and apply these values in all aspects of the Group's business.

A Whistleblowing Policy & Guidelines document was established assisted by an external consultant with the aim to provide a structured mechanism for our employees and any concerned stakeholders to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company. This document also aims to provide reassurance to any persons and any whistle-blowers, they will be protected from reprisals or victimisation for reporting in good faith. Complaints can be made verbally or in writing as stipulated in the Whistleblowing Policy & Guidelines document. Whistle-blowers' identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions.

In FY 2019, we had not received any complaints on suspected corrupt or unethical behaviour of our employees (FY 2018: NIL). We continue to uphold the highest standards of work ethics, honesty and morality.

Indirect Economic Impact

Through our business operations, we helped develop a community through employment and other economic opportunities generating indirect economic benefits from our Property Development & Investment Division, and Property Management.

Property Development and Investment Division

JAKS promotes socio-economic development in surrounding established neighbourhood at Ara Damansara and Section 13 of Petaling Jaya with the development of Pacific Place and Pacific Star properties.

Pacific Star Business Hub is a four-storey retail and commercial centre; while Pacific Place comprises of serviced apartments, signature office, commercial shop-lots and mall. These developments are close to many educational institutions, features, amenities and infrastructure such as University Malaya, Columbia Hospital, Light Rail Transit ("LRT") and public transportation.

Sustainability Statement (cont'd)

B. Environmental

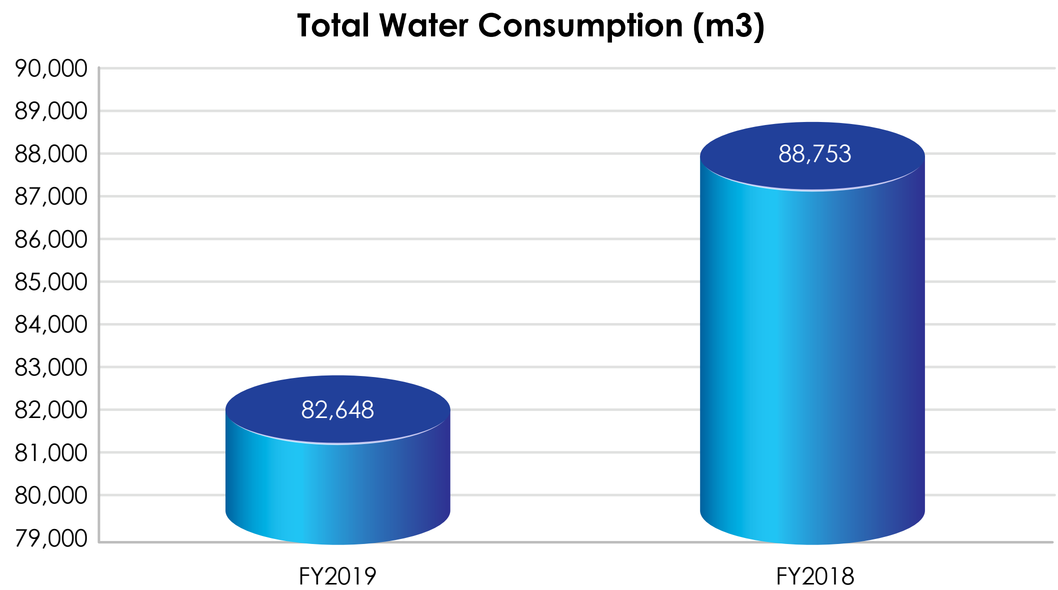
3Rs of Sustainability

As we embrace the concept of "reduce, reuse, and recycle," we continuously explore new methods and initiatives to protect and preserve natural resources enabling our environment to regenerate and conserve for the future generation. Our focus is mainly on three theme – minimising water consumption and energy, preserving the environment and complying with environmental regulatory requirements. These focused areas are explained in details below.

Rainwater harvesting

Our recent developed property – Pacific Star has some outstanding features and develop based on Green Building Index ("GBI[1]") requirements for its nature-friendly component that included rain-water harvesting system and solar panels for sustainable energy. The paint used for the building was eco-friendly, and the windows were double glazed with anti-UV and anti-infrared to reduce the temperature from the outside which in turn lessen the need for higher consumption of air-conditioner. The building featured copper piping for a centralised water heater system. Based on a letter issued by Green Building Index Sdn Bhd, dated 31 October 2019, JAKS was pleased to announce that the Green Building Index Accreditation Panel has awarded the Provisional GBI Design Assessment Certification for Pacific Star (Commercial).

Meanwhile, in the EVOLVE Concept Mall, rainwater are collected and stored in barrels for watering the surrounding landscape areas and cleaning the Mall. Through this effort, we managed to reduce the water consumption by approximately of 7% in FY2019 as compared to FY2018.



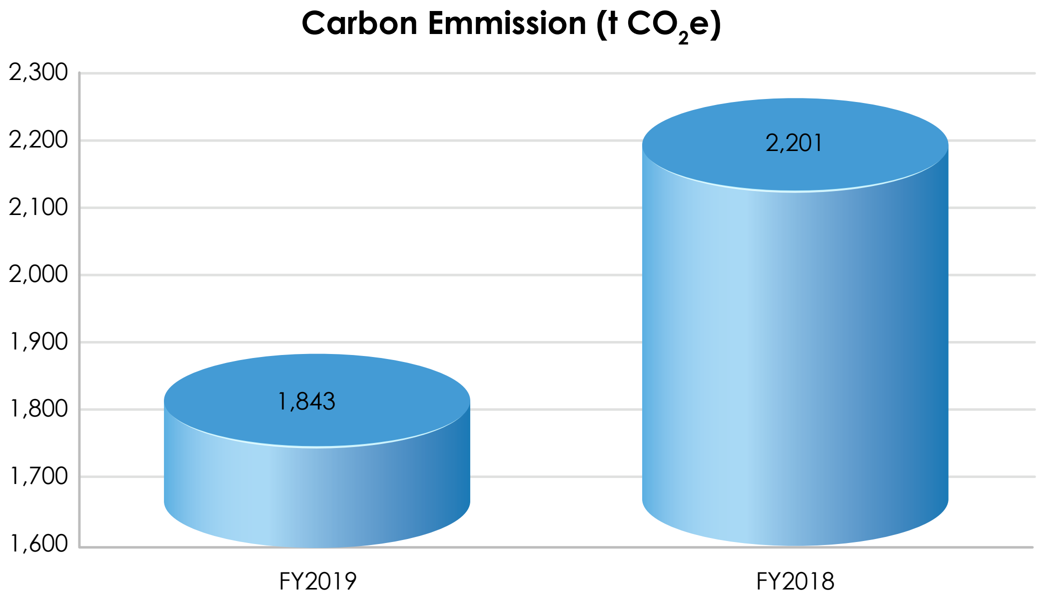
Energy Efficiency

This FY2019 our electricity consumption in EVOLVE Concept Mall decreased by 16% as compared to FY2018. We introduced various initiatives from reducing the number of chiller usage to limiting the lighting in the office, mall air conditioners, escalators and lifts at certain period of time. Through these efforts, we are expecting the electricity consumption to reduce within the next three (3) years, as indicated below:

	FY2019	**FY2018**
Total Electricity Consumption (kWh)	7,212,408	8,610,380
Total Electricity Consumption (t CO_2e)[2]	1,843,000	2,201,000

[1] The Green Building Index (GBI) is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment and raise awareness among Developers, Architects, Engineers, Planners, Designers, Contractors and the Public about environmental issues and our responsibility to the future generations.

Sustainability Statement (cont'd)



In order to address the global warming issue, we strive to reduce the emissions of the greenhouse gases as CO2, the principal greenhouse gas, is inevitably has a major impact on the economic development. While we are constantly monitoring the external factors that can lead to the increase of the energy consumption, we are also continuously exploring alternatives methods to conserve energy, reduce the carbon footprint and to be more energy efficient in our operations.

With the development of better LED lighting technology, we will gradually replace the malfunctioned florescent lighting to long lasting LED lights inside the EVOLVE Mall and in our offices where we operated. Substituting standard florescent lights with energy efficient LED lights save energy usage and reduce carbon footprint.

We continue to urge our people to practice digitalisation including converting document into electronic papers during our operations while all the photocopy machines, computers and laptops are installed with power saving features.

Waste Management

JAKS believes in contributing back in a circular economy. Through circular economy, we keep the resources while extracting the maximum value from them while in use, recover and regenerate materials at the end of each service life. This process will not only minimise the recycling and reusing of materials but also to maximise environmental and financial added value.

Based on the current on-going key projects in Construction Division, the Group manages all its domestic and industrial wastes, which included construction debris (i.e. concrete timber, wood and plastic), in accordance with the legal requirements. External and authorised parties by the local authorities were engaged to collect those waste and disposed at approved facilities. In FY2019, wastes generated from Construction Division comprising of 3,652 m^3. (FY 2018: 6,446 m3).

2 Carbon Emission Factor used in 2019 = 0.2556 kg CO_2e /kWh for energy consumption as per UK Government GHG Reporting Conversion Factors for Company Year 2019.

3 Calculation of was based on the total transportation trip of waste collector for the year with the assumption of 1 trip equals to 11m^3 of construction debris transported.

Sustainability Statement (cont'd)

Environmental Compliance

The on-going key projects in Construction Division include the following:

Pakej D52

Pakej D43

Pakej 5 – Langat 2

Pacific Star

We are committed to controlling and preventing environmental pollution within our business divisions to preserve a healthy ecosystem. To achieve these commitments, we took proactive steps and initiatives through appointment of site safety supervisor, monthly monitoring of effluent for Project D52 and Project D43, monthly submission of environmental monitoring report to local authorities and etc. These efforts will ensure our compliance to the laws and regulations and to avoid any potential adverse environmental impacts from our construction activities.

Our project Pakej 5 of Langat 2 is regulated under the Environment Impact Assessment ("EIA") requirements published by the Department of Environment ("DoE"). A copy of Environmental Management Plan (EMP) was submitted to the DoE and approved on 9 July 2015 to ensure we strictly complied with the standards and guidelines of Malaysia's Environment Quality Act 1974.

Our continuous environmental monitoring is part of the DoE requirement and the works which we executed under this environmental monitoring include:

a) *Ambient Air Quality Monitoring*

JAKS continuously manages its ambient air quality system in order to maintain a healthy air quality. For the FY 2019, JAKS reported the Total Suspended Particulate ("TSP") value to be within the Malaysia Ambient Air Quality Standard level (i.e. 260µg/m3).

b) *Noise Level Measurement*

For FY 2019, the noise level for monitoring point had exceeded the Maximum Permissible sound level (LAeq), as guided by the DoE[4] for both daytime (i.e. Noise limit of 65 dBA) and night time (i.e. Noise limit of 55dBA), which was mainly due to the noise from public vehicle movement and highway construction projects near the project site.

Nonetheless, we constantly explore various methods to lower the noise level in order to keep it to a minimum.

c) *Water Quality Monitoring*

Monthly monitoring was conducted by an external accredited laboratory to ensure waste-water quality complies with the regulation standards [Standard B, under the EQA (Industrial Effluent) Regulations 2009].

We are pleased to highlight we have not been penalised for any environmental issues by any regulatory authorities during the FY2019 (FY2018: Nil). We continue and regularly engage with the DoE in ensuring that any issues raised by the DoE were addressed and steps taken to ensure that these environmental issues are mitigated to an acceptable level.

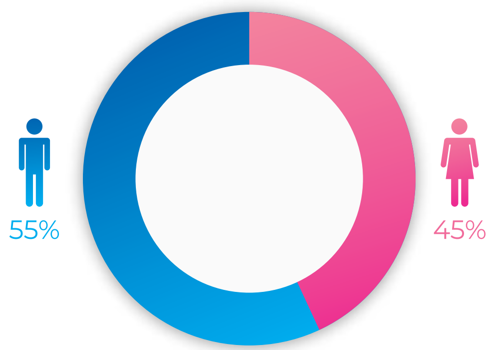
C. Social

Diversity and Equal Opportunity

We believe that diversity of our employees with different perspectives and social cultural background enables the company to grow and expand rapidly. At JAKS, we provide equal employment opportunities for all our candidates with due regard to the diversity of gender, ethnicity, age, skills and experience. In line with our practise on non-discrimination towards persons with disability, we have also employed a person with part visual impairment.

JAKS recorded total workforce strength of 157 in FY2019 (FY2018:160), constituting 55% of male and 45% female respectively. Our gender diversity remain a challenge due to the participation of female in construction industry is mainly focused in the administrative and management aspects although we do not discriminate between gender and we hire candidates who are capable and best fitted for the job.

Employee by Gender FY2019

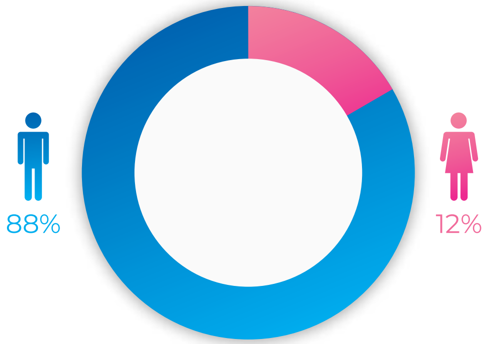


[4] The permissible noise level limit was stated in the Receiving Land Use for Planning and New Development in the Planning Guidelines for Environmental Noise Limits and Control published by the Department of Environment.

Sustainability Statement (cont'd)

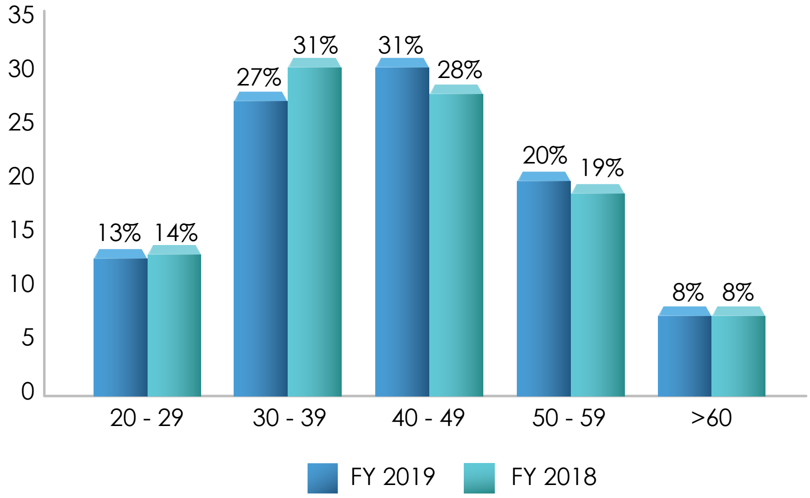
In FY 2019, female diversity at our senior management team was 12% while the male diversity was 88%.

Senior Management Team by Gender FY2019



The graph illustrates majority (58%) of JAKS employees falls below 30 – 49 years of age; while 13% of our workforce were between 20 – 29 years of age, followed by 20% were between 50 – 59 years of age. We have 8% of our employees were above 60 years of age, with their roles to provide guidance mentorship to our young employees.

Age Group



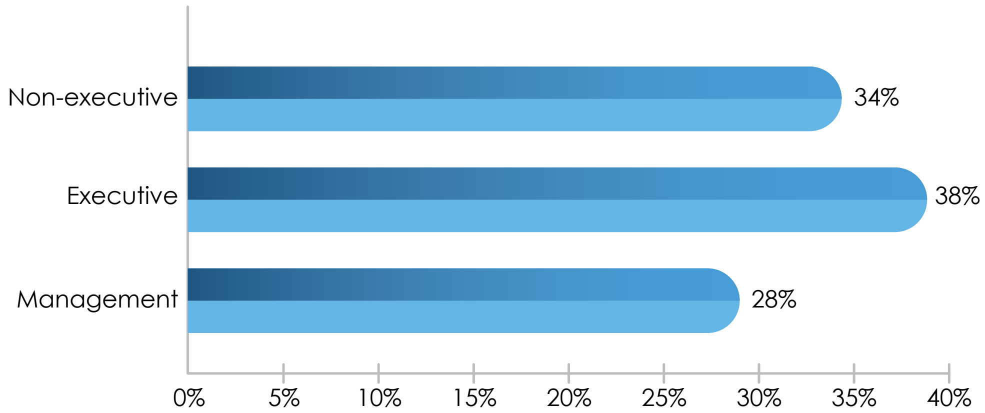
We prefer recruiting from local as we believe it increases job opportunities for the talented locals and they are best fitted for the job since they understand the Malaysian market needs.

Sustainability Statement (cont'd)

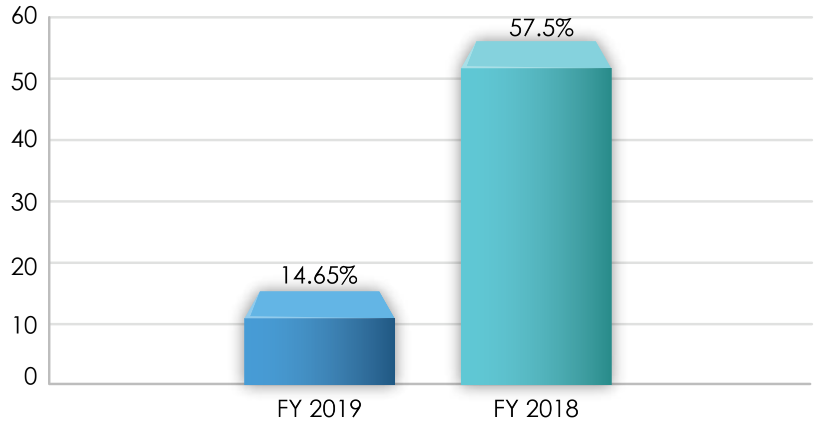
Employer Retention, Turnover and Hire

In FY2019, we hired a total of 29 employees (FY2018: 42 new hires). While employee turnover rate in 2019 was reduced to 15% (FY 2018: 23 resigned employees) as compared to 58% (92 resigned employees) in FY 2018. The high number of resignation in FY 2018 was mainly due to completion of couple of construction sites and hence, completion of the workers' employment contracts. With our conventional recruitment and third party outsourcing approaches in FY2019, it allowed us it allowed us to have a quick turnaround cost reduction, while allowing us to focus on our core business.

New Hiring Employee Category



Turnover Rate



(Calculated using number of resigned employee / end year employee headcount)

Sustainability Statement (cont'd)

As part of our effort in giving back to society, we established an internship programme that provides a great learning opportunity and on-the-job training. We welcome students from local universities and educational institutions to join our internship programme which could benefit the younger workforce in terms of increasing their chances to jump-start their careers. This programme has yet to reach its full potential as for the FY2019, the Group employed two (2) interns (FY 2018: 2 interns). Both interns were assigned to Construction Division, working hand in hand with our employees.

To maintain our employee high satisfaction levels with JAKS, we put great effort on performance management and engaged closely with them to identify any dissatisfaction and improvement areas. In addition, we also offer various types of attractive benefits to our full-time permanent employees. Our key benefits include:

Types of benefits	Descriptions
Leaves	Annual Leave up to 26 days, Substitute Leave, Medical & Hospitalization Leave, Maternity Leave, Compassionate Leave, Contingency Leave, Congratulatory Leave, Examination Leave
Allowances	Business Travel Allowance, Accommodation Reimbursement, Outstation Allowance, Outdoor Sales Allowance, Hand phone Reimbursement, Professional Membership Reimbursement
Medical	Annual Medical Check-up & Health Screening
Insurance	Hospital & Surgical Insurance, Group Personal Accident Insurance and term Life Insurance
LTIP	Long Term Incentive Plan
Others	Long Service Award, Training

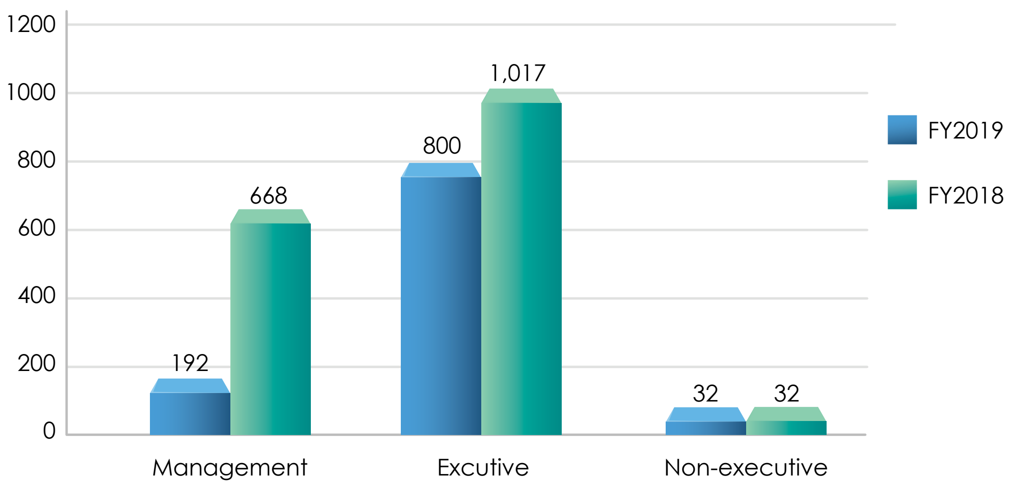
Sustainability Statement (cont'd)

Training & Development

JAKS is committed to ensure our employees continue to develop their competencies. We believe that continuous training and development learning for all our employees enable us to strengthen our workforce. We appreciate the benefits of maintaining an engaged workforce. Thus, we continuously develop our employees' skills, capabilities and knowledge.

We provided a total of 1,024 training hours (FY2018: 1,717 training hours) to our employees in FY2019 comprising both the functional and technical skills related to construction, property management and health and safety matters. The reduction in training hours provided are in line with our current workforce.

Training Hours

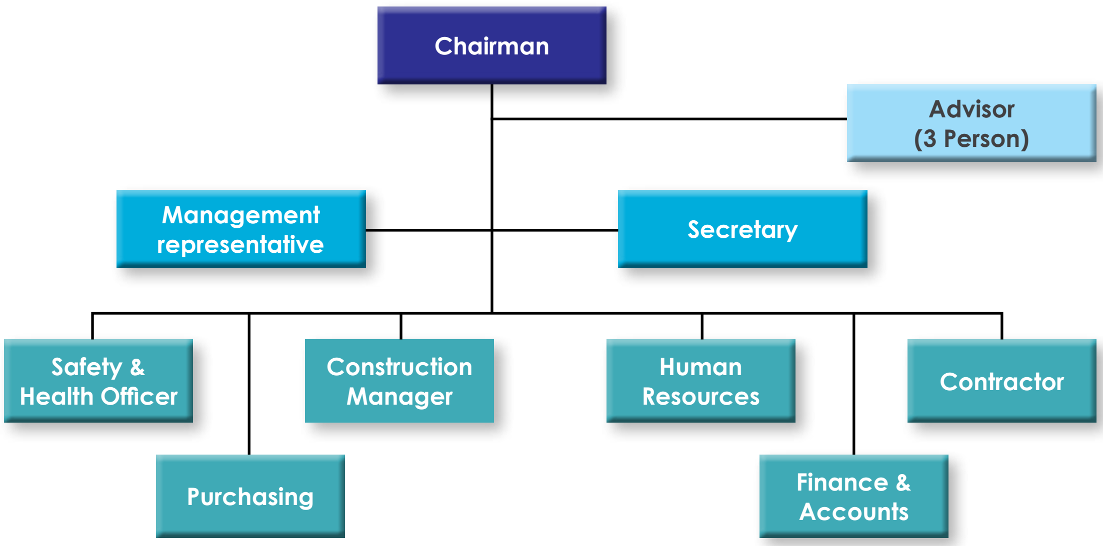


Occupational, safety and health

We place great emphasis on the safety and health of our employees, subcontractors, our suppliers and the communities where we operate. We have implemented proactive measures and have implemented continuous assessment to minimise the risk of job related hazards and incidents from crystallising for each division.

Construction Division

In view of the importance of safety and health, an Occupational Health & Safety Steering Committee ("OHSSC") was established to facilitate the management of occupational safety and health related matters. The table below stipulates the reporting structure of OHSSC:



Sustainability Statement (cont'd)

We continue to enhance competency for our OHSSC team members, revise our Occupational Safety and Health Policy Statement, analysed non-operational risk for the organisation and upgraded our Safety Operating Procedures among others.

Our Safety and Health Management System have successfully transitioned on 25 June 2019 to ISO 45001:2018 which is the world's first international standard for Occupational Health and Safety, to ensure that we are aligned with the latest industry standards. ISO45001:2018 adopts a risk-based approach which enables organisations to put in place an occupational health and safety management systems in managing the risks and improving the organisation performance. This reaffirms our commitment towards a safe and sustainable workplace for all employees.

In the FY2019, we carried out regular meetings to keep abreast with the projects updates and briefings on safety and health matters such as Personal Protective Equipment ("PPE"), ERP ("Emergency Response Plan"), accident rate, NCR ("Non-conformance Report")/ CPAR ("Corrective and Preventive Action Report"), site inspections and other matters to ensure adherence and compliance with the safety and health procedures.

Monthly Safety Meeting/ Monthly Project Progress Meeting / Quarterly OHSSC meeting

Safety Toolbox Briefings

Safety Supervision at Site

Monthly Safety Inspection Activities

For the year under review, we had an accident case (FY 2018: Nil) with an incident rate of 6.94 (FY 2018: Nil). The lost time due to the accident recorded a frequency rate of 2.31 (FY2018: Nil.) and severity rate of 55.37 (FY2018: Nil). The only one accident involved an employee of sub-contractor who amputated his ring finger when his ring was caught within a metal bar as he jumped down from the truck to unload the goods. JAKS immediately revised the Standard Operating Procedure, JAKS/PRJ/SWI/HI/06 Rev1. Unloading, Loading, Stacking (Lifting work) & Manual Handling, stating that w.e.f. June 2019, employees are not allowed to wear any ornaments such as ring, bracelet or chain during working hours.

The effectiveness of our safety systems and procedures were thoroughly scrutinised subsequent to this accident to prevent future occurrences. Enhancement efforts were continuously undertaken to strengthen the existing controls on Hazard Identification, Risk Assessment and Risk Control, revision of Safety Operating Procedures, implementing a buddy system and conducting toolbox & safety briefing sessions in a more frequent and regular basis.

We will continue to maintain our focus in ensuring the best working environment and uphold stringent HSE standards throughout our operations.

Sustainability Statement (cont'd)

Community engagement

In giving back to the society, JAKS believes that corporate social responsibility ("CSR") plays a central role to attain sustainability.

Property Development & Investment Division – EVOLVE Mall

We have always provided venue sponsorship to support charities and other organizations to host influential events in our EVOLVE Mall. By doing so, it creates a positive brand image and improve the attractiveness of our mall. This non-monetary sponsorship aims to build sustainable relationships with our tenants and other communities around us. In FY2019, JAKS initiated series of community projects engagement with the non profit organisations such as the following:

Rockin' Resource Fair 2019 [Collaboration with We Rock The Spectrum (WRTS) Kids Gym]

- To promote awareness to the public about Autism and Applied Behaviour Analysis ("ABA") Therapy with workshops, food and entertainment, games and prizes, fundraising auction.

Super Autism - Closing Ceremony

- The first-ever national sporting event for the autism community organised by National Autism Society of Malaysia (NASOM) in preparation for the ASEAN Autism Games in October 2020.

Blood Donation Campaign

- Organized by St John Ambulance Malaysia, the committee from SMK Bandar Utama Damansara (3) with the objective to encourage the public participate in blood donation campaign.

JAKS continues to uphold our commitment to participate in the CSR activities through identification of various initiatives with the communities where our business operates.

Sports Club

We embrace the importance of work-life balance and believe that health and happy employees are the keys to the Company's productivity. To attain this, we initiated Sports Club activities in 2005, aimed to build a healthy culture and healthy lifestyle for our employees. We believe that the activities organised would set a platform for greater communication and strengthening of relationship amongst all employees.

The FY2019 remained a challenging year for us with activities reduced to a minimum as compared to 4 activities and events held in FY2018. During the year, only weekly badminton sessions organised by the Sports Club Committee members were held. The Sports Club Committee had been collecting funds for the club in FY 2019 and to reward our club members, we distributed food vouchers allowing all employees to enjoy good meal in participating restaurants. Moving forward, the Sports Club Committee will continue to plan and organise a series of activities for our employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors supports high standards of corporate governance and assumes responsibility in ensuring that principles and recommendations of the Malaysian Code on Corporate Governance ("the Code") are followed where possible or provide alternatives in meeting them. The Group believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders.

Set out herewith are the corporate governance principles and recommendations that were applied during the financial year ended 31 December 2019. The Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company's website www.jaks.com.my.

A. THE BOARD OF DIRECTORS

a. Duties of Board of Directors

The Board of Directors takes full responsibility for the performance of the Group. The Board provides stewardship to the Group's strategic direction and operations which will ultimately maximise shareholders' value. To fulfill this role, the Board provides advice to the Management in monitoring and achieving the Group's goals.

The Board's most important functions are as follows:

- ensuring that the Group's goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Chief Executive Officer ("CEO") and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

In discharging its fiduciary duties during the financial year 2019, the Board has delegated specific tasks to three Board Committees namely Audit Committee, Nomination Committee, Remuneration Committee and LTIP Committee. All the Board Committees have its own terms of reference and the authority to act on behalf of the Board within the authorities as lay out in the terms of reference and report to the Board with the necessary recommendation.

The Company has adopted a Board Charter in 2004 which sets out the Board Governance process and Board-Management relationship. The Board Charter is available on the Company's website at www.jaks.com.my. A review of the Board Charter was conducted on 25 November 2019 to incorporate procedures on dealing with money laundering and abuse of powers.

The Board Charter also has a formal schedule of matters reserved for the Board covering the limits of authority for:

- Acquisition & Disposal of Assets
- Investments in Capital Projects
- Treasury Policies
- Risk Management policies

Corporate Governance Overview Statement (cont'd)

b. Board Composition and Balance

The Board of JAKS Resources Berhad presently has eight members comprising of the CEO, two Executive Directors and five Independent Non-Executive Directors. The Independent Non-Executive Directors make up more than 50% of the Board to allow for objective independent judgement to be made by the Board.

The Board Meetings are presided by the Chairman, who is an Independent Non-Executive Director and whose role is clearly separated from role of the CEO to ensure a balance of power and authority.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as managing the development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of Management and free from any business relationship which could materially interfere with their independent judgement. Their presence ensures that issues of strategies, performance and resources proposed by the Management are objectively evaluated and thus provide a capable check and balance for the Executive Directors.

On the tenure of the independent directors who have exceeded the term of nine (9) years, the Company's shareholders had at the Annual General Meeting (AGM) in 2019 pass the resolutions to allow Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the 2020 AGM. For the financial year ending 2020, the Company will table the resolutions for the retention of Tan Sri Datuk Hussin bin Haji Ismail, Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood as Independent Non-executive Directors of the Company on an annual basis.

The Board has taken note of Practice 4.5 of the Code to have a gender diversity policy and has recently adopted the Board Gender Diversity Policy setting out that there is to be at least a woman Director on the Board at all times and in the event there is a vacancy of such position, it shall be filled within three months of the vacancy. This policy will be reviewed on a regular basis.

The Board acknowledges the importance of having women representation on the Board and during the financial year, the Board appointed Ms Khor Hun Nee as Independent Non-Executive Director of the Company.

Board Meetings

During the financial year ended 31 December 2019, six(6) Board Meetings were held. Besides the routine meeting to discuss on the quarterly financial reports, the Board held special meetings to discuss on the project planning undertaken during the year. The respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	5/6
Ang Lam Poah	5/6
Ang Lam Aik	5/6
Dato' Razali Merican Bin Naina Merican	6/6
Dato' Azman Bin Mahmood	6/6
Liew Jee Min @ Chong Jee Min	6/6
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar (Appointed on 17 April 2019)	5/5
Khor Hun Nee (Appointed on 2 December 2019)	Not applicable

The Board meets at least five times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board. The proceedings, deliberations and conclusions made by the Board were properly recorded in the minutes of meetings kept by the Company Secretary and was confirmed by the Board and signed by the Chairman of the meeting.

Corporate Governance Overview Statement (cont'd)

c. Supply of Information

The Board is provided with the agenda and board papers prior to Board Meetings with sufficient time to enable the Board to solicit further explanations and/or information, where necessary, to enable them to discharge their duties.

The board papers provided include inter alia, financial results, business plan and budget, status of major projects, minutes of meetings of Board/ Board Committees, circulars from Bursa Malaysia Securities Berhad ("Bursa Securities"), announcements made to Bursa Securities, Directors' resolution in writing that had been passed and other major operational and financial issues for the Board's information and/or approval.

All Directors have access to the advices and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in discharging their duties. The Board or the individual Director may seek independent advice from independent professional advisers at the Group's expense, if necessary in accordance to the prescribed policy.

d. Directors' Training

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. New directors appointed are required to attend the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Securities and will be briefed by Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the financial year 2019, Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar and Ms Khor Hun Nee were appointed to the Board. An induction programme as conducted by the CEO and Senior Management to provide them with all the information and support they need to be confident and productive in their role. The aim is to help new members of the Board to understand the organisation, the environment in which it operates, and their role in making the organisation a success.

During the financial year ended 31 December 2019, the Directors have individually or collectively attended the following courses / seminar set out below:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	Revisiting The Misconception of Board Remuneration	0.5 day
Ang Lam Poah	Seminar	Revisiting The Misconception of Board Remuneration	0.5 day
Dato' Razali Merican Bin Naina Merican	Seminar	Revisiting The Misconception of Board Remuneration	0.5 day
Ang Lam Aik	Seminar	Sustainability Awareness Training	0.5 day
Dato' Azman Bin Mahmood	Seminar	Revisiting The Misconception of Board Remuneration	0.5 day

Director	Mode of Training	Title of Training	Duration of Training
Mr. Liew Jee Min @ Chong Jee Min	Seminar	Revisiting The Misconception of Board Remuneration	0.5 day
	Seminar	Demystifying The Diversity Conundrum: The Road to Business Excellence	1.0 day
	Seminar	Bursa Malaysia Thought Leadership Series: The Convergence of Digitisation and Sustainability	0.5 day
	Seminar	Bursa Malaysia Thought Leadership Series: Sustainability Inspired Innovations: Enablers of the 21st Century	0.5 day
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	Seminar	Common Offences & Pitfalls to avoid under the Companies Act 2016 – Bursatra Sdn Bhd	0.5 day
Khor Hun Nee (appointed 2 December 2019)	N/A	N/A	N/A

f. Appointments and Re-election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board shall hold office only until the next annual general meeting after their appointment and shall then be eligible for re-election. The Articles also provide that at least one-third of the remaining Directors be subject to retirement by rotation at each annual general meeting provided always that all Directors including the CEO shall retire from office at least once every three years but shall be eligible for re-election.

The Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board. The Nomination Committee will recommend candidates for all directorships to be filled to the Board. The Nomination Committee also review the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

Corporate Governance Overview Statement (cont'd)

B. DIRECTORS' REMUNERATION

a. Level and Make-up

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts are designed to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

b. Procedure

The Remuneration Committee recommends for the Board's approval on all elements of remuneration and terms of employment for Executive Directors with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. The Remuneration Committee met one (1) during the financial year 2019 to review the bonuses and increments of the Executive Directors and also on the allocation of the LTIP options.

Non-Executive Directors' fees are determined by the Board as a whole. The fees payable to Non-Executive Directors are subject to the approval of shareholders.

c. Details of Remuneration

Details of the remuneration received by the Directors from the Group and Company for the financial year ended 31 December 2019 are set out below.

The aggregate remuneration paid/payable to all Directors of the Company are further categorized into the following components.

	Group/Company					
Directors	**Fees (RM)**	**Salaries, Bonus & Allowances (RM)**	**EPF & SOCSO (RM)**	**Benefit-in-kind (RM)**	**LTIP (RM)**	**Total (RM)**
Tan Sri Datuk Hussin Bin Haji Ismail	96,000	24,000	-	-	-	120,000
Ang Lam Poah	-	1,839,000	216,923	35,200	12,834,130	14,925,253
Dato' Razali Merican Bin Naina Merican	-	893,000	104,603	35,200	1,255,008	2,287,811
Ang Lam Aik	-	329,000	36,923	9,900	-	375,823
Dato' Azman Bin Mahmood	96,000	26,500	-	-	-	122,500
Liew Jee Min @ Chong Jee Min	96,000	24,500	-	-	-	120,500
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	67,733	18,500	-	-	-	86,233
Khor Hun Nee	7,742	-	-	-	-	7,742
	363,475	3,154,500	358,449	80,300	14,089,138	18,045,862

Remuneration paid to the top five (5) Senior Management of JAKS Group for the financial year ended 31 December 2019 was RM17,965,562. The remuneration of the top five (5) Senior Management of the JAKS Group is disclosed on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel' names and the remuneration in bands of RM50,000 would not be in the best interest of the Group due to confidentiality and security concerns.

Corporate Governance Overview Statement (cont'd)

C. SHAREHOLDERS

The Company recognises the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. The Board has maintained an effective communication policy that enables both the Board and Management communicate effectively with its stakeholders, investors and even the public.

The Company uses its annual general meeting as the main channel of communication with its shareholders where the Board of Directors and Auditors of the Company are present to answer any queries from shareholders.

D. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements represent a true and fair assessment of the Company and Group's financial position.

b. Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets and to provide assurance on the reliability of the financial statements.

While the internal control system is devised to cater for particular needs of the Group, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss. A Statement on Risk Management and Internal Control is set out on page 45 to 47.

c. Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

E. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2019, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of financial statements. The financial statements have been prepared on the going concern basis.

Corporate Governance Overview Statement (cont'd)

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose the financial position of the Group with reasonable accuracy and ensure that the financial statements are comply with the Companies Act 2016.

F. ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-audit Fees

The amount of non-audit fees payable to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2019 is RM5,000. The amount of audit fees payable to the external auditors by the Company is RM82,000 and by the Group is RM338,804.

2. Material Contract

There was no material contract entered into by the Company and/or its subsidiary companies which involves Directors' and Major Shareholders' interest during the financial year ended 31 December 2019.

3. Utilisation of Proceeds

a) Private Placement

On 28 May 2019, 58,465,313 Ordinary Shares were issued under the proposed private placement at an issue price of RM0.70 per Ordinary Share. The private placement raised proceeds of RM40.926 million.

The status of utilisation of proceeds as at 31 December 2019 is as follows.

Proposed utilisation of proceeds		Proceeds raised RM'000	Utilised as at 31.12.2019 RM'000	Timeframe for utilisation
(i)	Vietnam Power Plant Project	25,491	25,491	Within 12 months
(ii)	Repayment of Bank Borrowings	4,335	4,335	Within 12 months
(iii)	Renewable Energy Projects	10,000	10,000	Within 12 months
(iv)	Estimated expenses for the Proposed Private Placement	1,100	1,100	Upon completion of the Proposed Private Placement
		40,926	40,926	

BOARD COMMITTEES REPORT

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee consists exclusively of Independent Non-Executive Director of the following members:

Chairman	**Dato' Azman Bin Mahmood**
Members	**Tan Sri Datuk Hussin Bin Haji Ismail**
	Liew Jee Min @ Chong Jee Min
	Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
	Khor Hun Nee

b. Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are:

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary);
- To review the External Auditors' management letter and management's response;
- To consider any related party transactions that may arise within the Company or the Group;
- To consider the major findings of internal investigations and Management's response;
- To do the following in relation to the internal audit function:
  - Identify the head of internal audit;
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit functions;
  - Approve any appointment or termination of senior staff members of the internal audit function;
  - Inform the Company on the resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
  - To consider other topics as defined by the Board.

Board Committees Report (cont'd)

c. Summary of Activities of Audit Committee for the financial year ended 31 December 2019

The Audit Committee held six meetings during the financial year ended 31 December 2019.

The attendance record for the financial year ended 31 December 2019 of each member of the Audit Committee is shown in the table below:

Audit Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Dato' Azman Bin Mahmood	6/6	100
Liew Jee Min @ Chong Jee Min	6/6	100
Tan Sri Datuk Hussin Bin Haji Ismail	5/6	83.33
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar (Appointed on 17 April 2019)	5/5	100
Khor Hun Nee (Appointed on 2 December 2019)	-	-

The minutes of each Audit Committee Meeting were distributed to the Board members at the subsequent Board Meeting. The Audit Committee Chairman will inform the Directors at Board Meetings, matters and recommendations which the Audit Committee' view ought to be highlighted to the Board.

For the financial year ended 31 December 2019, the Audit Committee:

i. Reviewed the quarterly results and Audited Financial Statements;
ii. Reviewed the internal audit report tabled by Internal Auditors;
iii. Reviewed the Audit Review Memorandum and discussed with External Auditors on their findings at the meeting held on 28 February 2019 and 25 November 2019;
iv. Reviewed the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Annual Report;
v. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2019;
vi. Reviewed the performance of Internal Auditors; and
vii. Recommended the External Auditors' fees and re-appointment of External Auditors.

d. Summary of Activities of the Internal Audit Function for the financial year ended 31 December 2019.

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to Axcelasia Columbus Sdn Bhd. The Engagement Executive Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews is 4 staff per visit including the Engagement Executive Director. The staffs involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staffs are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

Board Committees Report (cont'd)

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows:

(a) Carried out internal audits reviews in accordance with the approved risk based internal audit plan by the Audit Committee.
(b) Presented the Internal Audit Reports to the Audit Committee highlighting audit findings, recommendations to improve and management responses.
(c) Performed follow up review on these findings and updated the status to the Audit Committee.

During the financial year, the entities and business processes reviewed were as follows:

Entity	Business Processes
JAKS Sdn Bhd	Project Management Project Tender Management
JAKS Power Holding Limited and Golden Keen Holdings Limited	Project Management

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the Audit Committee for their review and approval. The outsourced internal audit function also carries out follow up reviews and reports to the Audit Committee on the status of implementation of action plans by Management pursuant to the recommendations highlighted in the internal audit reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for the outsourcing of the internal audit function for the financial year 31 December 2019 was RM55,914.

B. NOMINATION COMMITTEE REPORT

a. Members

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends the meeting on the invitation of the Committee.

Chairman	**Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar**
Members	**Liew Jee Min @ Chong Jee Min**
	Tan Sri Datuk Hussin Bin Haji Ismail

b. Functions and Responsibilities

The key functions and responsibilities of the Nomination Committee are:

- To review regularly the Board structure, size and composition diversity in gender and make recommendations to the Board with regard to any adjustments that are deemed necessary.

- To review and recommend new nominees for appointment to the Board of Directors.

- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

Board Committees Report (cont'd)

- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates'

    - skills, knowledge, expertise and experience;
    - professionalism;
    - integrity; and
    - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from independent non-executive directors.

- To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder.

- To recommend to the Board, Directors to fill the seats on Board Committees.

- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.

- To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.

- On invitation of Chairman or the Board, recommend to the Board for continuation (or not) in service of executive Directors(s) and Directors who are due for retirement by rotation.

- To orient and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

c. Summary of Activities of Nomination Committee for the financial year ended 31 December 2019

The Nomination Committee met twice during the financial year ended 31 December 2019. For the financial year ended 31 December 2019, the following activities were carried out by the Nomination Committee:

i. Reviewed the size and composition of the Board and Board Committees;
ii. Reviewed the mix of skill and experience and other qualities of the Board;
iii. Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
iv. Discussed and recommended the re-election of retiring Directors;
v. Reviewed the term of office and performance of the Board Committee and each of its members and concluded that the Board Committee members have carried out their duties in accordance with their terms of reference;
vi. Assessed and confirmed the independence of the Independent Directors;
vii. Discussed and recommended to the Board the continuation of Independent Directors for a cumulative term of nine (9) years;
viii. Discussed and recommended the appointment of new Independent Non-Executive Director and Head of Finance & Accounts; and
ix. Proposed and evaluate the ability of a new female Independent Non-Executive Director to discharge such responsibilities/function as expected form Independent Non-Executive Director and recommended to the Board for her appointment.

Board Committees Report (cont'd)

The Nomination Committee upon its annual assessment carried out for financial year 2019, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, namely Tan Sri Datuk Hussin Bin Haji Ismail, Dato' Azman Bin Mahmood, Mr Liew Jee Min @ Chong Jee Min, Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar and Ms Khor Hun Nee are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records;
- The Directors have received training during the financial year ended 31 December 2019 that is relevant and would serve to enhance their effectiveness in the Board;
- The Nomination Committee and the Board have assessed the independence of Tan Sri Datuk Hussin bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman bin Mahmood at its meeting held on 27 February 2020 and have recommended that they continue to act as an Independent Non- Executive Director.

C. REMUNERATION COMMITTEE REPORT

a. Member

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends the meeting on the invitation of the Committee.

Chairman	**Liew Jee Min @ Chong Jee Min**
Members	**Tan Sri Datuk Hussin Bin Haji Ismail**
	Dato' Azman Bin Mahmood
	Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar

b. Function and Responsibilities

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

Board Committees Report (cont'd)

c. Summary of Activities of Remuneration Committee for the financial year ended 31 December 2019

The Remuneration Committee held one meetings during the financial year ended 31 December 2019.

The attendance record for the financial year ended 31 December 2019 of each member of the Remuneration Committee is shown in the table below:

Remuneration Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Liew Jee Min @ Chong Jee Min	1/1	100
Tan Sri Datuk Hussin Bin Haji Ismail	1/1	100
Dato' Azman Bin Mahmood	1/1	100
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	1/1	100

The Remuneration Committee carried out the following activities for the financial year ended 31 December 2019:

i. Reviewed the 2018 bonus of Executive Directors and increments for financial year 2019;
ii. Reviewed directors' fees for financial year ended 31 December 2019; and
iii. Reviewed the share award under the Long Term Incentive Plan to be awarded to Directors and key management staff.
iv. Reviewed the compensation and benefits of the new Principal Officer.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of JAKS Resources Berhad (“JAKS”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2019 which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (‘the Guidelines”). This statement outlines the nature and state of the risk management and internal control of the Group during the financial year.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound and effective systems of risk management and internal controls and for reviewing the adequacy and integrity of the said systems to ensure shareholders’ interests and the Group’s assets are safeguarded. These responsibilities have been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and effectiveness of the Group’s internal controls system through independent reviews conducted by the internal audit function and the annual statutory audits conducted by the external auditors. The Audit Committee reports significant controls matters to the Board at their scheduled meetings.

However, as there are inherent limitations in any system of risk management and internal control, such system can only manage rather than eliminate all possible risks that may impede the achievement of the Group’s business objectives or goals. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements or losses.

Risk Management Framework

In pursue of the Group’s continuous commitment in optimising shareholders’ value, risk management activities carried out across the Group are guided by the enhanced Enterprise Risk Management (“ERM”) Framework. The design of the ERM Framework is guided by ISO 31000, which outlines the risk governance and structure, risk management policies, risk management process and integration of risk management into significant activities and functions.

The risk assessment process provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group’s business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and key management staffs. Significant risks identified are maintained in a formal database of risks and controls information i.e. risk registers, which captures the possible root causes, existing key controls and impact. The risks are then assessed on the likelihood of occurrence and criticality of impact with the rating of either low, medium, high or extreme.

A Risk Management Committee (“RMC”) which consists of Senior Management and selected Heads of Department have the responsibilities to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board.

In the first quarter of the financial year, a risks reassessment exercise was carried out to determine the risk profile of the group remains reflective of latest business challenges faced by the group taking into consideration of external market and industry sentiment and internal operating condition. This provides the Management with a holistic view of the risks in its formulation of strategies, business plans and decision-making process. In addition, a risk action plan follow-up review was also carried out. The updated risk profile for all business units, the Top 5 Risks of the Group and the results of the risk action plan follow up review were presented to the Board at its meeting held on 28 February 2019 .

In the second half of the financial year, a corruption risk assessment was carried out with Senior Management as part of JAKS’ initiative to enhance its existing processes to be in line with the Guidelines on Adequate Procedures issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009. The results of the corruption risk assessment were tabled to the Board on 27 February 2020 .

Statement On Risk Management And Internal Control (cont'd)

The above-mentioned risk management practices of the Group serve as the on-going process used to identify, evaluate and managed significant risks of the Group for the year under review and up to the date of approval of this statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

Internal Audit Function

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 39 to 41 of this Annual Report.

Others Key Elements of Internal Control

The other key elements of the Group's internal control systems are described below:

- An organisational structure with clearly defined lines responsibility, accountability, and proper segregation of duties.

- Written operational policies and procedures that are established and regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities as the Group's grows.

- Human resource policies encompassing areas of recruitment, training and development, health and safety, staff performance, appraisal and succession planning with the objective to enhance staff integrity and the development of professionalism and competency of employees in the Group.

- Quality management in the form of policies and objectives as outlined in the Quality Manual issued by the Chief Executive Officer. The Management Review Team periodically reviews this quality management process that is implemented throughout the financial year.

- Monitoring of results by the senior management team on a monthly basis where appropriate management action will be undertaken to address deviations. The Chief Executive Officer also reviews the management accounts covering financial performance, key business indicators on a quarterly basis and the cash flow position on a regular basis.

- Executive Directors are actively involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group.

- The Group's risk management process, internal audit process and internal control system do not apply to jointly controlled operations and joint ventures where the Group does not have full management control. The Group's interest in these jointly controlled operations are closely monitored through periodic receipt of the operations management accounts and representation in the jointly controlled operations' Board.

Statement On Risk Management And Internal Control (cont'd)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Conclusion

At a meeting held on 19 May 2020, the Board obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

The Board is of the view that the risk management and internal control system is satisfactory and have not resulted in any material losses or contingencies that would require disclosure in the Group's annual report. The Board shall continue to take the pertinent measures to improve the Group's risk management and internal control in meeting the Group's corporate objectives.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 19 May 2020.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Profit/(Loss) for the financial year	45,881,631	(106,811,711)
Attributable to:		
Owners of the parent	108,049,569	
Non-controlling interests	(62,167,938)	
	45,881,631	

Reserves and Provisions

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

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(a) 38,709,760 new ordinary shares pursuant to the Company's Share Grant Plan ("SGP") under Long Term Incentive Plan.

(b) 58,465,313 new ordinary shares through private placement at issue price of RM0.70 for a total cash consideration of RM40,925,719 for working capital purposes.

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

There was no issuance of debentures during the financial year.

Directors' Report (cont'd)

Options Granted Over Unissued Shares

Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of JAKS Resources Berhad ("JRB") have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies. The Group's LTIP comprises of the Share Option Plan ("SOP") and SGP for its employees.

The salient features and other terms of the LTIP are disclosed in the Note 32 to the financial statements.

During the financial year, the Company granted and vested 38,709,760 shares to the eligible employees of the Company and/or its eligible subsidiary companies under the SGP as disclosed in Note 32 to the financial statements.

Warrants 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrants 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrant on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 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 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 102,428,430 Warrants remained unexercised.

Directors

The Directors in office during the financial year until the date of this report are:

Ang Lam Aik	
Ang Lam Poah*	
Dato' Azman Bin Mahmood	
Dato' Razali Merican Bin Naina Merican*	
Liew Jee Min @ Chong Jee Min	
Tan Sri Datuk Hussin Bin Ismail	
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	(Appointed on 17.4.2019)
Khor Hun Nee	(Appointed on 2.12.2019)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Datuk Ang Ken Seng	
Chen Cheong Fat	
Goh Theow Hiang	
Rasli Bin Musamah	
Noor Azhan Rizaluddin Bin Jamian	
Kevin Lee Shih Min	
Ungku Shaharud Zaman Shah Bin Ungku Nazaruddin	
Zaid Bin Kadershah	
Ang Si Eeng	(Resigned on 30.11.2019)
Haris Fadzilah Bin Abdullah	

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part thereof.

Directors' Interests In Shares

The interests and deemed interests in the shares, options over ordinary shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares		
	At 1.1.2019	Acquired	Disposed	At 31.12.2019
JAKS Resources Berhad				
Direct interest				
Ang Lam Poah	49,654,102	34,935,960[(i)]	-	84,590,062
Dato' Razali Merican Bin Naina Merican	1,550,000	2,460,800[(ii)]	-	4,010,800
Indirect interest				
Dato' Razali Merican Bin Naina Merican (#)	29,571,000	-	(18,571,000)	11,000,000

(i) Inclusive vesting of 25,164,960 ordinary shares under the Share Grant Plan ("SGP") pursuant to the LTIP.
(ii) Inclusive vesting of 2,460,800 ordinary shares under the Share Grant Plan ("SGP") pursuant to the LTIP.

Vesting of the ordinary shares to the Directors pursuant to the Company's LTIP during the financial year are as follows:

		Number of ordinary shares		
	At 1.1.2019	Granted	Vested	At 31.12.2019
JAKS Resources Berhad				
Direct Interest				
Ang Lam Poah	-	25,164,960	(25,164,960)	-
Dato' Razali Merican Bin Naina Merican	-	2,460,800	(2,460,800)	-

		Number of options over ordinary shares		
	At 1.1.2019	Exercised	Lapsed	At 31.12.2019
JAKS Resources Berhad				
Direct Interest				
Ang Lam Aik	750,000	-	-	750,000

		Number of Warrants		
	At 1.1.2019	Acquired	Exercised	At 31.12.2019
JAKS Resources Berhad				
Direct Interest				
Ang Lam Poah	24,827,051	-	-	24,827,051
Dato' Razali Merican Bin Naina Merican	775,000	-	-	775,000
Indirect Interest				
Dato' Razali Merican Bin Naina Merican(#)	14,785,500	-	-	14,785,500

(#) Deemed interest by virtue of his shareholdings in Original Invention Sdn Bhd.

None of the other Directors in office at the end of the financial year had any interests in the shares in the Company and its related corporations.

Directors' Report (cont'd)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than shares granted to certain Directors pursuant to the Company's LTIP as disclosed under Directors' Interests.

Indemnity and Insurance Costs

During the financial year, Directors and Officers of JRB, together with its subsidiary companies, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5,000,000. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM21,000. There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

Other Statutory Information

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

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

    (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

    (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

    (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

    (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other Statutory Information (cont'd)

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in the financial statements.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to financial statements; and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Subsequent Events

The details of the subsequent events are disclosed in Note 41 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of the auditors' remuneration are set out in Note 29(a) to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 15 June 2020.

……………………………………………………………

ANG LAM POAH
Director

……………………………………………………………

DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 60 to 153 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 at 31 December 2019 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 dated 15 June 2020.

……………………………………………..…............

ANG LAM POAH
Director

……………………………………………..…............

DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Ang Lam Poah, being the Director primarily responsible for the financial management of JAKS Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 60 to 153 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 15 June 2020)

……………………………………………..…............
ANG LAM POAH

Before me,

No. W710
MOHAN A.S. MANIAM

……………………………………………..…............
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JAKS RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 153.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report
To The Members Of JAKS Resources Berhad (cont'd)

Key Audit Matters (cont'd)

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit responded to the key audit matter</th></tr>
<tr><td><u>Revenue and cost recognition on construction contracts and property development activities</u>

Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation. In making the estimate, management relies on opinion/service of experts, past experience and the continuous monitoring mechanism.

Refer to "Significant Accounting Policies" in Note 3(k), (l), (m) & (r), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c), "Inventories" in Note 13, "Contract Assets/(Liabilities)" in Note 15 and "Revenue" in Note 27.</td><td>Our audit procedures included, among others:

• Tested the Group's and the Company's controls by checking for evidence of reviews and approvals over construction contract and property development costs, setting budgets and authorising and recording of actual costs incurred.

• Challenged the assumptions in deriving at the estimates of construction contract and property development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors.

• Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers.

• Reviewed management's workings on the computation of percentage-of-completion.

• Assessed the adequacy and reasonableness of the disclosures in the financial statements.</td></tr>
</table>

Independent Auditors' Report
To The Members Of JAKS Resources Berhad (cont'd)

Key Audit Matters (cont'd)

Key audit matter	**How the scope of our audit responded to the key audit matter**
Impairment assessment of goodwill The Group's goodwill balance as at 31 December 2019 stood at RM128.1 million. Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment. Refer to "Significant Accounting Policies" in Note 3(o)(i), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c) and "Goodwill on consolidation" in Note 10.	Our audit procedures for recoverable amount of CGU that are valued at fair value less costs of disposal approach include the following: • Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results. • Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data. • Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. • Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment. • Assessed the adequacy and reasonableness of the disclosures in the financial statements. • Evaluated the objectivity, independence and expertise of the firm of independent valuers. • Had discussions with the independent valuer to obtain an understanding of the related market data used as input to the valuation models. • Evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties and marketing strategies.
Contingent liability The subsidiary companies of the Group are involved in litigation cases. It is a significant area that our audit focuses on because the amounts involved are significant and the application of accounting standards to determine the amount, if any, to be provided as liability is inherently subjective. Refer to "Significant Accounting Policies" in Note 3(w)(i), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c), "Contingent liability" in Note 34 and "Material Litigation" in Note 42.	Our audit procedures included, amongst others: • Read the Group's external counsels' opinions and interviewed the counsels. • Assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.

Independent Auditors' Report
To The Members Of JAKS Resources Berhad (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditors' Report
To The Members Of JAKS Resources Berhad (cont'd)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 03355/02/2022 J
Chartered Accountant

KUALA LUMPUR

15 June 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-Current Assets					
Property, plant and equipment	4	946,305	4,063,357	154,598	836,542
Investment properties	5	690,010,953	642,139,910	-	-
Right-of-use assets	6	2,163,171	-	1,407,712	-
Investment in subsidiary companies	7	-	-	577,219,472	420,502,112
Investment in joint ventures	8	357,408,194	197,171,255	-	-
Goodwill on consolidation	10	128,135,992	148,500,905	-	-
Deferred tax assets	11	-	2,324,558	-	-
Golf club memberships	12	318,420	326,316	-	-
		1,178,983,035	994,526,301	578,781,782	421,338,654
Current Assets					
Inventories	13	76,572,448	47,188,449	-	-
Trade receivables	14	295,779,409	196,605,178	-	163,156
Contract assets	15	301,157,703	511,378,258	-	-
Other receivables	16	233,359,766	315,834,771	894,108	879,293
Amount due from subsidiary companies	17	-	-	423,569,552	417,080,157
Amount due from joint ventures	18	9,203,213	6,879,440	-	-
Tax recoverable		2,265,665	3,486,650	21,832	364,996
Deposits placed with licensed banks	19	49,233,523	76,076,200	-	-
Cash and bank balances	20	102,253,349	91,035,353	1,945,348	10,249,658
		1,069,825,076	1,248,484,299	426,430,840	428,737,260
Total Assets		2,248,808,111	2,243,010,600	1,005,212,622	850,075,914
Equity					
Share capital	21	659,642,281	598,974,584	659,642,281	598,974,584
Reserves	22	318,306,789	219,229,560	(44,534,050)	63,496,500
Equity attributable to owners of the parent		977,949,070	818,204,144	615,108,231	662,471,084
Non-controlling interests		(58,094,184)	4,073,754	-	-
Total Equity		919,854,886	822,277,898	615,108,231	662,471,084
Non-Current Liabilities					
Bank borrowings	23	306,000,000	321,781,161	-	281,161
Lease liabilities	24	232,101	-	207,183	-
Deferred tax liabilities	11	-	93,658	-	-
		306,232,101	321,874,819	207,183	281,161
Current Liabilities					
Trade payables	25	446,535,756	402,658,623	-	-
Other payables	26	458,969,621	583,312,323	48,115,586	47,523,097
Amount due to subsidiary companies	17	-	-	340,671,675	139,730,078
Bank borrowings	23	115,454,452	112,886,937	-	70,494
Lease liabilities	24	1,279,715	-	1,109,947	-
Tax payable		481,580	-	-	-
		1,022,721,124	1,098,857,883	389,897,208	187,323,669
Total Liabilities		1,328,953,225	1,420,732,702	390,104,391	187,604,830
Total Equity and Liabilities		2,248,808,111	2,243,010,600	1,005,212,622	850,075,914

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	27	1,051,737,440	658,117,798	11,400,000	11,400,000
Cost of sales		(856,190,634)	(631,648,685)	-	-
Gross Profit		195,546,806	26,469,113	11,400,000	11,400,000
Other income		5,852,022	10,808,039	542,187	980,467
Selling and distribution expenses		(5,108)	(2,853,559)	-	-
Administrative expenses		(115,288,269)	(50,465,661)	(38,715,751)	(13,976,256)
Net loss on impairment of financial instruments		(12,489,849)	(1,155,160)	(79,975,710)	-
Other expenses		-	(2,299,191)	-	-
Profit/(Loss) from operation		73,615,602	(19,496,419)	(106,749,274)	(1,595,789)
Finance costs	28	(20,948,157)	(23,247,910)	(114,505)	(1,053,950)
Share of results of joint ventures		(37,239)	(458,792)	-	-
Profit/(Loss) before tax	29	52,630,206	(43,203,121)	(106,863,779)	(2,649,739)
Taxation	30	(6,748,575)	(3,404,023)	52,068	-
Profit/(Loss) for the financial year		45,881,631	(46,607,144)	(106,811,711)	(2,649,739)
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		(7,754,742)	7,275,488	-	-
Total comprehensive income/(loss) for the financial year		38,126,889	(39,331,656)	(106,811,711)	(2,649,739)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		108,049,569	15,350,718	(106,811,711)	(2,649,739)
Non-controlling interests		(62,167,938)	(61,957,862)	-	-
		45,881,631	(46,607,144)	(106,811,711)	(2,649,739)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		100,294,827	22,626,206	(106,811,711)	(2,649,739)
Non-controlling interests		(62,167,938)	(61,957,862)	-	-
		38,126,889	(39,331,656)	(106,811,711)	(2,649,739)
Earnings per share					
Basic earnings per share (sen)	31(a)	17.55	2.88		
Diluted earnings per share (sen)	31(b)	16.94	2.88		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
	Share Capital RM	LTIP Reserves RM	Translation Reserves RM	Warrants Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2019, as previously reported	598,974,584	3,219,350	(3,795,977)	25,607,108	194,199,079	818,204,144	4,073,754	822,277,898
Effect of adopting MFRS 16	-	-	-	-	67,765	67,765	-	67,765
At 1 January 2019, as restated	598,974,584	3,219,350	(3,795,977)	25,607,108	194,266,844	818,271,909	4,073,754	822,345,663
Profit/(Loss) for the financial year	-	-	-	-	108,049,569	108,049,569	(62,167,938)	45,881,631
Foreign currency translation	-	-	(7,754,742)	-	-	(7,754,742)	-	(7,754,742)
Total comprehensive income/(loss) for the financial year	-	-	(7,754,742)	-	108,049,569	100,294,827	(62,167,938)	38,126,889
Transactions with owners:								
Private share placement	40,925,719	-	-	-	(1,285,363)	39,640,356	-	39,640,356
Shares options lapsed	-	(643,250)	-	-	643,250	-	-	-
Issuance of shares under share grant plan	19,741,978	-	-	-	-	19,741,978	-	19,741,978
Total transactions with owners	60,667,697	(643,250)	-	-	(642,113)	59,382,334	-	59,382,334
At 31 December 2019	659,642,281	2,576,100	(11,550,719)	25,607,108	301,674,300	977,949,070	(58,094,184)	919,854,886

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2019 (cont'd)

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
	Share Capital RM	LTIP Reserves RM	Translation Reserves RM	Warrants Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2018, as previously reported	524,387,378	4,324,500	(11,071,465)	-	180,437,479	698,077,892	66,031,616	764,109,508
Effect of adopting MFRS 9	-	-	-	-	(107,992)	(107,992)	-	(107,992)
At 1 January 2018, as restated	524,387,378	4,324,500	(11,071,465)	-	180,329,487	697,969,900	66,031,616	764,001,516
Profit/(Loss) for the financial year	-	-	-	-	15,350,718	15,350,718	(61,957,862)	(46,607,144)
Foreign currency translation	-	-	7,275,488	-	-	7,275,488	-	7,275,488
Total comprehensive income/(loss) for the financial year	-	-	7,275,488	-	15,350,718	22,626,206	(61,957,862)	(39,331,656)
Transactions with owners:								
Private share placement	68,491,056	-	-	-	(1,481,126)	67,009,930	-	67,009,930
Issue of Warrants	-	-	-	25,607,108	-	25,607,108	-	25,607,108
Exercise of share option	6,096,150	(1,105,150)	-	-	-	4,991,000	-	4,991,000
Total transactions with owners	74,587,206	(1,105,150)	-	25,607,108	(1,481,126)	97,608,038	-	97,608,038
At 31 December 2018	598,974,584	3,219,350	(3,795,977)	25,607,108	194,199,079	818,204,144	4,073,754	822,277,898

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2019 (cont'd)

	Non-Distributable Share Capital RM	Non-Distributable LTIP Reserves RM	Non-Distributable Warrants Reserves RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2019, as previously reported	598,974,584	3,219,350	25,607,108	34,670,042	662,471,084
Effect of adopting MFRS 16	-	-	-	66,524	66,524
At 1 January 2019, as restated	598,974,584	3,219,350	25,607,108	34,736,566	662,537,608
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(106,811,711)	(106,811,711)
Transactions with owners:					
Private share placement	40,925,719	-	-	(1,285,363)	39,640,356
Shares options lapsed	-	(643,250)	-	643,250	-
Issuance of shares under share grant plan	19,741,978	-	-	-	19,741,978
Total transactions with owners	60,667,697	(643,250)	-	(642,113)	59,382,334
At 31 December 2019	659,642,281	2,576,100	25,607,108	(72,717,258)	615,108,231

	Non-Distributable Share Capital RM	Non-Distributable LTIP Reserves RM	Non-Distributable Warrants Reserves RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2018	524,387,378	4,324,500	-	38,800,907	567,512,785
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(2,649,739)	(2,649,739)
Transactions with owners:					
Private share placement	68,491,056	-	-	(1,481,126)	67,009,930
Issuance of Warrants	-	-	25,607,108	-	25,607,108
Exercise of share option	6,096,150	(1,105,150)	-	-	4,991,000
Total transactions with owners	74,587,206	(1,105,150)	25,607,108	(1,481,126)	97,608,038
At 31 December 2018	598,974,584	3,219,350	25,607,108	34,670,042	662,471,084

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Operating Activities					
Profit/(Loss) before tax		52,630,206	(43,203,121)	(106,863,779)	(2,649,739)
Adjustments for:					
Amortisation of golf club membership		7,896	7,894	-	-
Depreciation of:					
- property, plant and equipment		803,550	1,953,680	291,811	332,480
- investment properties		12,767,878	11,570,483	-	-
- right-of-use asset		1,913,489	-	1,184,779	-
Provision for liquidated ascertained damages		37,428,030	32,332,080	-	-
Provision for disputed performance liability		-	50,000,000	-	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(36,504)	(6,917,993)	-	(244,388)
- right-of-use assets		348,654	-	-	-
Interest income		(2,462,801)	(991,139)	(42,187)	-
Interest expense		27,059,122	30,252,649	114,505	1,053,950
Share grant plan expense		19,741,978	-	19,741,978	-
Impairment loss on goodwill		20,364,913	-	-	-
Impairment loss on investment in subsidiary companies		-	-	4,785,102	250,000
Impairment loss on amount due from subsidiary companies		-	-	80,012,554	-
Reversal of impairment loss on amount due from subsidiary companies		-	-	(200,000)	-
Gain on disposal of investment in subsidiary companies		-	-	(500,000)	-
Impairment loss on investment properties		10,398,698	-	-	-
Reversal of impairment loss on trade receivables		(17,500)	(52,500)	-	-
Share of result of joint venture		37,239	458,792	-	-
Net loss on impairment of financial instruments:					
- Trade receivables		5,318,354	1,108,607	163,156	-
- Other receivables		7,188,995	99,053	-	-
		193,492,197	76,618,485	(1,312,081)	(1,257,697)
Unrealised loss/(gain) on foreign exchange		(1,857,638)	(2,261,335)	352,674	(37,856)
Operating profit/(loss) before working capital changes		191,634,559	74,357,150	(959,407)	(1,295,553)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Change in working capital					
Inventories		(29,383,999)	26,074,310	-	-
Contract asset		199,908,017	87,825,991	-	-
Receivables		(47,249,498)	(162,721,099)	(14,815)	14,794,644
Payables		(94,791,681)	29,715,008	592,489	(7,998,406)
		28,482,839	(19,105,790)	577,674	6,796,238
Cash generated from/(used in) operations		220,117,398	55,251,360	(381,733)	5,500,685
Interest paid		(5,649,117)	(8,098,324)	-	(1,046,492)
Tax paid		(4,012,011)	(6,188,536)	(21,832)	(77,064)
Tax refunded		1,196,901	241,068	417,064	241,068
		(8,464,227)	(14,045,792)	395,232	(882,488)
Net cash from/(used in) operating activities		211,653,171	41,205,568	13,499	4,618,197
Cash Flows From Investing Activities					
Net repayment to subsidiary companies		-	-	(247,804,311)	(134,530,980)
Subscription of share investment in subsidiary companies		-	-	(500,200)	-
Proceeds from disposal of:					
- property, plant and equipment		44,390	8,309,109	-	244,388
- right-of-use assets		577,000	-	-	-
- investment in subsidiary companies		-	-	1,000,100	-
(Advance to)/Repayment from joint venture		(2,323,773)	3,277,369	-	-
Additional shares investment in joint venture		(163,700,000)	(74,492,987)	-	-
Interest received		2,462,801	991,139	42,187	-
Purchase of property, plant and equipment	4(b)	(84,369)	(72,690)	-	(38,000)
Decrease in deposit pledged and debt service reserve account		24,373,891	11,932,629	-	-
Addition to investment properties		(71,037,619)	(9,074,599)	-	-
Net cash used in investing activities		(209,687,679)	(59,130,030)	(247,262,224)	(134,324,592)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash Flows From Financing Activities					
Net advance from subsidiary companies		-	-	200,941,597	91,985,456
Increase of ordinary shares		40,925,719	68,491,056	40,925,719	68,491,056
Proceeds from issue of warrants		-	25,607,108	-	25,607,108
Proceeds from exercise of share option		-	4,991,000	-	4,991,000
Interest paid		(21,410,005)	(22,154,325)	(114,505)	(7,458)
Net movement of bill payables		(8,279,532)	(20,984,238)	-	-
Net movement of trade commodity financing		(914,387)	(4,732,546)	-	-
Repayments of finance lease liabilities		-	(448,708)	-	(84,852)
Repayments of lease liabilities		(1,548,767)	-	(1,170,359)	-
Share issuance expenses		(1,285,363)	(1,481,126)	(1,285,363)	(1,481,126)
Net movement of revolving credit		-	(20,000,000)	-	(20,000,000)
Net movement of term loans		(8,500,000)	9,083,397	-	-
Net cash from financing activities		(1,012,335)	38,371,618	239,297,089	169,501,184
Net increase/(decrease) in cash and cash equivalents		953,157	20,447,156	(7,951,636)	39,794,789
Exchange translation differences on cash and cash equivalents		2,799,760	(1,812,658)	(352,674)	37,856
Cash and cash equivalents at the beginning of the financial year		82,223,294	63,588,796	10,249,658	(29,582,987)
Cash and cash equivalents at the end of the financial year		85,976,211	82,223,294	1,945,348	10,249,658
Cash and cash equivalents comprise:					
Deposits placed with licensed banks	19	49,233,523	76,076,200	-	-
Cash and bank balances	20	102,253,349	91,035,353	1,945,348	10,249,658
Bank overdrafts	23	(12,572,583)	(7,576,290)	-	-
		138,914,289	159,535,263	1,945,348	10,249,658
Less: Deposits pledged					
Deposits held as security values	19	(49,233,523)	(76,076,200)	-	-
Debt service reserve account	20	(3,704,555)	(1,235,769)	-	-
		85,976,211	82,223,294	1,945,348	10,249,658

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Unit B-09-28, Tower B, Pacific Towers, Jalan 13/6 Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015- 2017 Cycle	Amendments to MFRS 3 Amendments to MFRS 11 Amendments to MFRS 112 Amendments to MFRS 123

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

MFRS 16 *Leases (cont'd)*

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

MFRS 16 *Leases (cont'd)*

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

Group	As at 31.12.2018 RM	MFRS 16 adjustment RM	As at 1.1.2019 RM
Property, plant and equipment	4,063,357	(2,389,985)	1,673,372
Right-of-use assets	-	4,898,006	4,898,006
Finance lease liabilities	516,020	(516,020)	-
Lease liabilities	-	2,956,276	2,956,276
Retained earnings	194,199,079	67,765	194,266,844

Company	As at 31.12.2018 RM	MFRS 16 adjustment RM	As at 1.1.2019 RM
Property, plant and equipment	836,542	(390,133)	446,409
Right-of-use assets	-	2,592,491	2,592,491
Finance lease liabilities	351,655	(351,655)	-
Lease liabilities	-	2,487,489	2,487,489
Retained earnings	34,670,042	66,524	34,736,566

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 13 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	Group RM	Company RM
Operating lease commitment as at 31 December 2018	2,728,018	2,400,000
Discounted using the incremental borrowings rate at 1 January 2019	(287,762)	(264,166)
Add: Transfer from finance lease obligations upon initial application of MFRS 16	516,020	351,655
Lease liability recognised as at 1 January 2019	2,956,276	2,487,489

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 6%.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020 • MFRS 1 • MFRS 9 • MFRS 16 • MFRS 141		1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fullfiling a Contarct	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) 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 RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Judgements (cont'd)

Joint ventures

The Group has interest in an investment which it regards as a joint venture although the Group owns less than half of the ownership interest in this entity as disclosed in Note 8. This entity has not been regarded as associate of the Group as management have assessed that the contractual arrangement with the respective joint venture party has given rise to joint control over this entity in accordance with MFRS 11 *Joint Arrangements*.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, investment properties and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and ROU assets. The carrying amount of the property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively.

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed 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. Details of deferred tax assets are disclosed in Note 11.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use and fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. When fair value less costs of disposal calculation is used, management estimate the expected selling price of the assets or cash generating unit less its estimated cost to sell. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2019, the Group has tax recoverable of RM2,265,665 (2018: RM3,486,650) and tax payable of RM481,580 (2018: Nil) respectively. The Company has tax recoverable of RM21,832 (2018: RM364,996).

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 13.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Employee share options and Share Grant Plan ("SGP")

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 32.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 15.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Notes 13 and 15 respectively.

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 14, 16, 17 and 18 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities and material litigation are disclosed in Notes 34 and 42 respectively.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(b) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 *Impairment of Assets* are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (cont'd)

(b) Investments in joint ventures (cont'd)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 company, 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 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 company 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.

3. Significant Accounting Policies (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. 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 recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Rate (%)
Freehold buildings	2
Plant and machineries	2 - 10
Motor vehicles	10 - 20
Furniture, fittings, office equipment and renovation	10 - 33.3

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(e) Leases

Policy applicable from 1 January 2019

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	2%, or over the lease term, if shorter
Motor vehicles	10 - 20%
Plant and Machinery	10%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(e) Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As Lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(e) Leases (cont'd)

Policy applicable before 1 January 2019 (cont'd)

As Lessee (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Building	2%
Leasehold land	Over 82 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit & Loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, contract assets, amount due from subsidiary companies and joint venture, deposits and cash and bank balances.

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets as Fair Value Through Other Comprehensive Income ("FVOCI") and FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and

- the amount initially recognised less cumulative amortisation.

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

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

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

(i) Land held for property development

Land held for property development consists of purchase price of and, professional fees, stamp duties, commission fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

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

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

3. **Significant Accounting Policies (cont'd)**

(k) Inventories (cont'd)

(iii) Completed properties held for sale

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories 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, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant Accounting Policies (cont'd)

(o) Impairment of assets (cont'd)

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Issue expenses

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

(ii) Ordinary Shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant Accounting Policies (cont'd)

(q) Provisions (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(r) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(b) Revenue from construction contracts (cont'd)

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(c) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customer's specific location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 7 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 14 to 90 days, which is consistent with market practice.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the 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, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

(t) Income tax

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, 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.

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.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. Significant Accounting Policies (cont'd)

(u) Employee benefits (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based long-term incentive plan which comprises the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

Share Option Plan ("SOP")

Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

Share Grant Plan ("SGP")

The share grant are settled by way of issuance and transfer of new shares upon vesting. The total fair value of shares granted is recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period after taking into account the probability that the share grant will vest.

At each reporting date, the Group revises its estimates of the number of share grant that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

(v) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

3. Significant Accounting Policies (cont'd)

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Fair value measurement

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.

(y) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

4. Property, Plant and Equipment

	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group					
2019					
Cost					
At 1 January 2019, as previously reported	286,562	3,731,521	7,650,687	7,695,341	19,364,111
Effect of adopting MFRS 16	-	(3,337,000)	(4,421,194)	-	(7,758,194)
At 1 January 2019, restated	286,562	394,521	3,229,493	7,695,341	11,605,917
Additions	-	-	9,100	75,269	84,369
Disposals	-	-	(196,882)	-	(196,882)
At 31 December 2019	286,562	394,521	3,041,711	7,770,610	11,493,404
Accumulated depreciation					
At 1 January 2019, as previously reported	25,760	2,027,049	6,668,023	6,579,922	15,300,754
Effect of adopting MFRS 16	-	(1,668,865)	(3,699,344)	-	(5,368,209)
At 1 January 2019, restated	25,760	358,184	2,968,679	6,579,922	9,932,545
Charge for the financial year	34,808	1,050	262,005	505,687	803,550
Disposals	-	-	(188,996)	-	(188,996)
At 31 December 2019	60,568	359,234	3,041,688	7,085,609	10,547,099
Carrying amount					
At 31 December 2019	225,994	35,287	23	685,001	946,305

Notes To The Financial Statements (cont'd)

4. Property, Plant and Equipment (cont'd)

	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group					
2018					
Cost					
At 1 January 2018	286,562	13,937,954	10,168,636	7,676,716	32,069,868
Additions	-	-	418,000	34,690	452,690
Written off	-	(7,528,433)	-	-	(7,528,433)
Disposals	-	(2,678,000)	(2,935,949)	(16,065)	(5,630,014)
At 31 December 2018	286,562	3,731,521	7,650,687	7,695,341	19,364,111
Accumulated depreciation					
At 1 January 2018	24,329	9,545,436	8,649,976	6,026,146	24,245,887
Charge for the financial year	1,431	487,745	894,663	569,841	1,953,680
Written off	-	(6,659,915)	-	-	(6,659,915)
Disposals	-	(1,346,217)	(2,876,616)	(16,065)	(4,238,898)
At 31 December 2018	25,760	2,027,049	6,668,023	6,579,922	15,300,754
Accumulated impairment losses					
At 1 January 2018	-	868,518	-	-	868,518
Written off	-	(868,518)	-	-	(868,518)
At 31 December 2018	-	-	-	-	-
Carrying amount					
At 31 December 2018	260,802	1,704,472	982,664	1,115,419	4,063,357

4. Property, Plant and Equipment (cont'd)

	Office equipment and renovation RM	Motor vehicles RM	Total RM
Company			
2019			
Cost			
At 1 January 2019, as previously reported	558,366	2,697,598	3,255,964
Effect of adopting MFRS 16	-	(418,000)	(418,000)
At 1 January 2019, restated	558,366	2,279,598	2,837,964
Additions	-	-	-
At 31 December 2019	558,366	2,279,598	2,837,964
Accumulated depreciation			
At 1 January 2019, as previously reported	355,087	2,064,335	2,419,422
Effect of adopting MFRS 16	-	(27,867)	(27,867)
At 1 January 2019, restated	355,087	2,036,468	2,391,555
Charge for the financial year	48,681	243,130	291,811
At 31 December 2019	403,768	2,279,598	2,683,366
Carrying amount			
At 31 December 2019	154,598	-	154,598
2018			
Cost			
At 1 January 2018	566,845	3,350,903	3,917,748
Additions	-	418,000	418,000
Disposals	(8,479)	(1,071,305)	(1,079,784)
At 31 December 2018	558,366	2,697,598	3,255,964
Accumulated depreciation			
At 1 January 2018	302,359	2,864,367	3,166,726
Charge for the financial year	61,207	271,273	332,480
Disposals	(8,479)	(1,071,305)	(1,079,784)
At 31 December 2018	355,087	2,064,335	2,419,422
Carrying amount			
At 31 December 2018	203,279	633,263	836,542

Notes To The Financial Statements (cont'd)

4. Property, Plant and Equipment (cont'd)

(a) Assets held under finance leases

At 31 December 2019, the net carrying amount of leased motor vehicles and leased plant and machinery of the Group and of the Company were as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Motor vehicles	-	721,850	-	390,133
Plant and machinery	-	1,668,135	-	-
	-	2,389,985	-	390,133

Leased assets are pledged as security for the related finance lease liabilities.

Following the adoption of MFRS 16 on 1 January 2019, the Group and Company had reclassified the carrying amount of leased assets to ROU assets (Note 6).

(b) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Aggregate costs	84,369	452,690	-	418,000
Less: Finance lease financing	-	(380,000)	-	(380,000)
Cash payments	84,369	72,690	-	38,000

5. Investment Properties

	Group	
	2019 RM	**2018 RM**
Carrying amount		
Investment properties		
- freehold land and buildings	256,388	262,368
- leasehold podium retail, office lots and apartment	282,105,220	-
- leasehold shopping mall and car park podium	401,278,312	369,782,404
	683,639,920	370,044,772
Investment properties under construction		
- leasehold office lot	6,371,033	-
- leasehold shopping mall and car park podium	-	272,095,138
	690,010,953	642,139,910

5. Investment Properties (cont'd)

(a) Investment properties

	Group 2019 RM	Group 2018 RM
Cost		
At 1 January	407,757,065	407,753,090
Additions	42,058,572	3,975
Reclassified from investment properties (Note 5(b))	294,703,152	-
At 31 December	744,518,789	407,757,065
Accumulated depreciation		
At 1 January	37,712,293	26,141,810
Depreciation for the financial year	12,767,878	11,570,483
At 31 December	50,480,171	37,712,293
Accumulated impairment loss		
At 1 January	-	-
Impairment during the financial year	10,398,698	-
At 31 December	10,398,698	-
Carrying amount	683,639,920	370,044,772
Fair value	714,422,040	400,558,000

(i) Fair value of investment properties

(a) Leasehold shopping mall and car park podium

The fair values of the investment properties of leasehold shopping mall and car park podium, of the Group were estimated at RM413,700,000 (2018: RM400,000,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

(b) Freehold land and buildings

The fair values of the investment properties of freehold land and buildings of the Group and of the Company were estimated at RM581,040 (2018: RM558,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The fair value are within level 3 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

(c) Leasehold podium retail, office lots and apartment

The fair values of the investment properties of leasehold podium retail, office lots and apartment of the Company were estimated at RM300,141,000 by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

Notes To The Financial Statements (cont'd)

5. Investment Properties (cont'd)

(a) Investment properties (cont'd)

(ii) Investment properties under leases

The Group has entered into commercial property leases on its shopping mall and car parks. Most of the leases contains a non-cancellable period from 2 year to 3 years. Subsequent renewals are negotiated with the lessees on an average renewal period of 2 years to 3 years. No contingent rents are charged.

(b) Investment properties under construction

	Group	
	2019 RM	**2018 RM**
Cost		
At 1 January	272,095,138	263,024,514
Additions	28,979,047	9,070,624
Reclassified to investment properties (Note 5(a))	(294,703,152)	-
At 31 December	6,371,033	272,095,138

(c) The investment properties and investment properties under construction of the Group of RM646,278,312 and RM43,476,253 (2018: RM369,782,404 and RM272,095,138) respectively are pledged to licensed banks to secure the credit facilities granted to the Group as disclosed in Note 23.

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties and investment properties under construction:

	Group	
	2019 RM	**2018 RM**
Rental income	5,303,137	8,213,906
Direct operating expenses		
- income generating investment properties	16,894,855	16,104,794
- non-income generating investment properties	1,631,752	4,909

(e) During the financial year, the borrowing costs capitalised as cost of investment properties amounted to RM6,110,965 (2018: RM7,004,739).

(f) An impairment loss amounting to RM10,398,698 (2018: Nil) was recognised during the financial year. The impairment is provided using the fair value calculation by comparing the carrying amount of the investment property with its fair value which estimated by an independent professional valuer.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

6. **Right-of-use Assets**

	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group				
2019				
Cost				
At 1 January, as previously reported	-	-	-	-
Effect of adopting MFRS 16	4,492,896	3,337,000	4,421,194	12,251,090
At 1 January, as restated	4,492,896	3,337,000	4,421,194	12,251,090
Additions	104,308	-	-	104,308
Disposals	-	(2,087,000)	(147,781)	(2,234,781)
At 31 December	4,597,204	1,250,000	4,273,413	10,120,617
Accumulated depreciation				
At 1 January, as previously reported	-	-	-	-
Effect of adopting MFRS 16	1,984,875	1,668,865	3,699,344	7,353,084
At January, as restated	1,984,875	1,668,865	3,699,344	7,353,084
Charge for the financial year	1,352,990	169,567	390,932	1,913,489
Disposals	-	(1,161,348)	(147,779)	(1,309,127)
At 31 December	3,337,865	677,084	3,942,497	7,957,446
Carrying amount	1,259,339	572,916	330,916	2,163,171

	Land and Buildings RM	Motor vehicles RM	Total RM
Company			
2019			
Cost			
At 1 January, as previously reported	-	-	-
Effect of adopting MFRS 16	3,303,537	418,000	3,721,537
At 1 January, as restated	3,303,537	418,000	3,721,537
Additions	-	-	-
At 31 December	3,303,537	418,000	3,721,537
Accumulated depreciation			
At 1 January, as previously reported	-	-	-
Effect of adopting MFRS 16	1,101,179	27,867	1,129,046
At January, as restated	1,101,179	27,867	1,129,046
Charge for the financial year	1,101,179	83,600	1,184,779
At 31 December	2,202,358	111,467	2,313,825
Carrying amount	1,101,179	306,533	1,407,712

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies

	Company 2019 RM	Company 2018 RM
In Malaysia:		
Unquoted shares, at cost	237,776,705	238,276,605
Less: Accumulated impairment losses	(21,203,566)	(16,918,464)
	216,573,139	221,358,141
Outside Malaysia:		
Unquoted shares, at cost	10	10
	216,573,149	221,358,151
Capital contribution to a subsidiary company	360,646,323	199,143,961
	577,219,472	420,502,112

Capital contribution to a subsidiary company refer to amount of which the Company does not expect repayment in the foreseeable future and is considered as part of the Company's investment in a subsidiary company.

Movements in the allowance for impairment losses are as follows:

	Company 2019 RM	Company 2018 RM
At 1 January	16,918,464	16,668,464
Impairment during the financial year	4,785,102	250,000
Amount written off	(500,000)	-
At 31 December	21,203,566	16,918,464

During the financial year, the Company conducted a review of the recoverable amount of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal. An impairment loss amounting to RM4,785,102 (2018: RM250,000) was recognised during the financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and its is derived using adjusted net assets of the subsidiary company as at the end of the reporting period. The fair value are within level 3 of the fair value hierarchy.

7. Investment in Subsidiary Companies (cont'd)

(a) Details of the subsidiary companies are as follows:

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest 2019 %	2018 %	Principal Activities
Direct holding:				
JAKS Sdn. Bhd. *	Malaysia	100	100	General contractor and supplier of building materials
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased operation
JAKS Steel Industries Sdn. Bhd. *	Malaysia	98.05	98.05	General trading of building materials and other steel related products
Empire Deluxe Sdn. Bhd. *	Malaysia	100	100	Manufacturing of ductile steel pipes and investment holding However, temporarily ceased operation
Gain World Trading Limited *	British Virgin Islands	100	100	Investment holding
Golden Keen Holdings Limited	British Virgin Islands	100	100	General contractor
JAKS Power Holding Limited	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd.*	Malaysia	51	51	Offshore drilling, oil, gas and general trading. However, not commenced operation
Harbour Town Sdn. Bhd.	Malaysia	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Property development
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Dormant
JAKS Solar Power Holdings Sdn. Bhd.	Malaysia	100	-	Investment holding

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(a) Details of the subsidiary companies are as follows: (cont'd)

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest 2019 %	Effective Ownership Interest 2018 %	Principal Activities
Indirect holding: *Subsidiary companies of JAKS Sdn. Bhd.*				
JAKS-KDEB Consortium Sdn. Bhd.	Malaysia	70	70	Investment holding
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	General trading of steel and construction related products
JAKS Power Sdn. Bhd.	Malaysia	100	100	Investment holding
JAKS Island Circle Sdn. Bhd.	Malaysia	51	51	Property development
Fortress Pavilion Sdn. Bhd.	Malaysia	51	51	Investment holding and property asset management
Subsidiary company of JAKS-KDEB Consortium Sdn. Bhd.				
Integrated Pipe Industries Sdn. Bhd.	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased manufacturing operation
Subsidiary companies of Empire Deluxe Sdn. Bhd.				
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *	Malaysia	100	100	General trading of steel and other related products. However, temporarily ceased operation
Subsidiary company of JAKS Power Holding Limited				
JAKS-MPC (HD) Limited *	British Virgin Islands	100	100	Investment holding
Subsidiary company of Harbour Town Sdn. Bhd.				
MNH Global Assets Management Sdn. Bhd. Δ	Malaysia	51	51	Investment holding, property development and management of mall and other properties

7. Investment in Subsidiary Companies (cont'd)

(a) Details of the subsidiary companies are as follows: (cont'd)

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest 2019 %	2018 %	Principal Activities
Subsidiary company of MNH Global Assets Management Sdn. Bhd.				
Evolve Concept Mall Sdn. Bhd.	Malaysia	51	51	Dormant
Indirect holding: *Subsidiary company of JAKS Solar Power Holdings Sdn. Bhd.*				
JAKS Solar Power Sdn. Bhd.	Malaysia	100	-	Renewable energy However, temporarily inactive
JAKS Solar Land Sdn. Bhd. (formerly known as WBC JAKS JV Sdn. Bhd. and Surge System Sdn. Bhd.) #	Malaysia	100	100	General trading and construction. However, temporarily inactive

\# Previously held directly by the Company
* Not audited by UHY.
Δ The shares held in this subsidiary company are pledged to bank for banking facilities granted to the Group as disclosed in Note 23.

(b) Acquisition of subsidiary companies

(i) The Group re-organises its internal group structure:
On 24 May 2019, the Company subscribed additional 500,000 shares in JAKS Solar Land Sdn. Bhd. ('JSLSB') (formerly known as WBC JAKS JV Sdn. Bhd. and Surge System Sdn. Bhd.) for cash subscription of RM500,000. On 21 August 2019, the Company transferred its entire shareholdings in JSLSB to JAKS Solar Power Holdings Sdn. Bhd. at total consideration of RM1,000,000.

(ii) On 28 June 2019, the Company incorporated a subsidiary company, JAKS Solar Power Holdings Sdn. Bhd. with 100 share capital for cash subscription of RM100.

(iii) On 12 June 2019, the Company incorporated a subsidiary company, JAKS Solar Power Sdn. Bhd. ("JSP") with 100 share capital for cash subscription of RM100. On 5 July 2019, the Company transferred its entire shareholdings in JSP to JAKS Solar Power Holdings Sdn. Bhd. at total cash consideration of RM100.

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(c) Material partly-owned subsidiary companies

Financial information of subsidiary companies that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interest in:

Name of Company	Place of business/ Country of Incorporation	Proportion of Ownership Interest 2019 %	2018 %
JAKS Island Circle Sdn. Bhd. ("JIC")	Malaysia	49	49
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49
Fortress Pavilion Sdn. Bhd. ("FP")	Malaysia	49	49

	Group 2019 RM	2018 RM
Accumulated balances of material non-controlling interest:		
JIC	(69,067,180)	(43,799,605)
MNH	12,700,905	39,535,768
FP	(3,496,929)	3,911,747
Other individually immaterial non-controlling interest	1,769,020	4,425,844
	(58,094,184)	4,073,754
Total comprehensive loss allcocated to material non-controlling interest:		
JIC	(25,267,575)	(44,706,662)
MNH	(26,834,863)	(16,150,949)
FP	(7,408,676)	(959,381)
Other individually immaterial non-controlling interest	(2,656,824)	(140,870)
	(62,167,938)	(61,957,862)

7. Investment in Subsidiary Companies (cont'd)

(c) Material partly-owned subsidiary companies (cont'd)

Summarised financial information for these subsidiary companies that have material non-controlling interest (amounts before intra-group eliminations) is as follows:

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2019:

	FP RM	MNH RM	JIC RM	Total RM
Revenue	-	6,478,557	92,888,077	99,366,634
Expenses including taxation	(15,119,746)	(61,243,583)	(144,454,557)	(220,817,886)
Net loss for the financial year, representing total comprehensive loss for the financial year	(15,119,746)	(54,765,026)	(51,566,480)	(121,451,252)
Attributable to:				
Non-controlling interest	(7,408,676)	(26,834,863)	(25,267,575)	(59,511,114)
Other individually immaterial non-controlling interest				(2,656,824)
Total non-controlling interest				(62,167,938)

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2018:

	FP RM	MNH RM	JIC RM	Total RM
Revenue	-	8,764,529	31,868,375	40,632,904
Expenses including taxation	(1,957,920)	(41,725,649)	(123,106,461)	(166,790,030)
Net loss for the financial year, representing total comprehensive loss for the financial year	(1,957,920)	(32,961,120)	(91,238,086)	(126,157,126)
Attributable to:				
Non-controlling interest	(959,381)	(16,150,949)	(44,706,662)	(61,816,992)
Other individually immaterial non-controlling interest				(140,870)
Total non-controlling interest				(61,957,862)

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(c) Material partly-owned subsidiary companies (cont'd)

Summarised statement of financial position as at 31 December 2019:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	245,000,000	358,506,037	144,366	603,650,403
Current assets	17,534,398	23,597,176	127,165,593	168,297,167
Total assets	262,534,398	382,103,213	127,309,959	771,947,570
Current liabilities	183,670,987	136,158,081	268,263,388	588,092,456
Non-current liabilities	86,000,000	220,024,918	-	306,024,918
Total liabilities	269,670,987	356,182,999	268,263,388	894,117,374
Total equity	(7,136,589)	25,920,214	(140,953,429)	(122,169,804)
Attributable to:				
Non-controlling interest	(3,496,929)	12,700,905	(69,067,180)	(59,863,204)
Other individually immaterial non-controlling interest				1,769,020
Total non-controlling interest				(58,094,184)

Summarised statements of financial position as at 31 December 2018:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	244,243,635	370,343,065	61,157,592	675,744,292
Current assets	17,066,515	115,877,812	149,445,117	282,389,444
Total assets	261,310,150	486,220,877	210,602,709	958,133,736
Current liabilities	94,000,000	178,035,637	299,989,658	572,025,295
Non-current liabilities	159,326,993	227,500,000	-	386,826,993
Total liabilities	253,326,993	405,535,637	299,989,658	958,852,288
Total equity	7,983,157	80,685,240	(89,386,949)	(718,552)
Attributable to:				
Non-controlling interest	3,911,747	39,535,768	(43,799,605)	(352,090)
Other individually immaterial non-controlling interest				4,425,844
Total non-controlling interest				4,073,754

7. Investment in Subsidiary Companies (cont'd)

(c) Material partly-owned subsidiary companies (cont'd)

Summarised statements of cash flows for the year ended 31 December 2019:

	FP RM	MNH RM	JIC RM
Operating	(8,857,168)	(7,371,426)	(32,008,345)
Investing	(6,000,000)	71,803,925	(1,887,252)
Financing	15,080,473	(64,037,546)	(14,740,819)
Net increase/(decrease) in cash and cash equivalents during the financial year	223,305	394,953	(48,636,416)

Summarised statements of cash flows for the year ended 31 December 2018:

	FP RM	MNH RM	JIC RM
Operating	545,235	19,893,709	(2,000,103)
Investing	(18,474,000)	(632)	(1,552,182)
Financing	18,000,000	(20,866,523)	-
Net increase/(decrease) in cash and cash equivalents during the financial year	71,235	(973,446)	(3,552,285)

8. Investment in Joint Ventures ("JV")

	Group	
	2019 RM	2018 RM
Unquoted shares, at cost		
- Outside Malaysia	365,121,398	201,421,398
Share of post-acquisition loss	(334,950)	(297,711)
Exchange differences	(7,378,254)	(3,952,432)
	357,408,194	197,171,255

Notes To The Financial Statements (cont'd)

8. Investment in Joint Ventures ("JV") (cont'd)

Details of the joint ventures are as follows:

Name of JV	Place of Business/ Country of Incorporation	Effective Economic Interest 2019 %	Effective Economic Interest 2018 %	Principal Activities
JV held through JAKS Power Holding Limited ("JPH")				
JAKS Pacific Power Limited* ("JPP")	Hong Kong	30	30	Investment holding
Indirect JV held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited* ("JHDP")	Vietnam	30	30	Develop and operate coal-fired thermal power plant

* Not audited by UHY

Summarised financial information of the Group's material JV i.e. JAKS Pacific Power Limited and its subsidiary company ("JPP Group") is set out below:

(a) Summarised statements of financial position

	JPP Group 2019 RM	JPP Group 2018 RM
Cash and cash equivalent	144,594,016	1,414,337,652
Other current assets	555,583,943	985,117,089
Non-current assets	5,244,749,301	3,151,869,089
Current financial liabilities (excluding trade and other payables and provisions)	(51,662,165)	(8,607,041)
Other current liabilities	(467,634,694)	(1,304,269,170)
Non-current financial liabilities (excluding trade and other payables and provisions)	(4,082,268,750)	(3,210,942,431)
Net assets	1,343,361,652	1,027,505,188
Interest in JV	30%	30%
Group's share of net assets	403,008,496	308,251,556
Share of other net asset changes	(49,426,379)	(114,906,378)
Goodwill	3,826,077	3,826,077
Carrying value of Group's interest in JV	357,408,194	197,171,255

8. Investment in Joint Ventures ("JV") (cont'd)

(b) Summarised statements of profit or loss and other comprehensive income

	JPP Group 2019 RM	JPP Group 2018 RM
Loss for the financial year	(124,128)	(1,529,307)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(124,128)	(1,529,307)
Included in total comprehensive income are:		
Depreciation	-	128,055
Interest income	13,351	8,929

The details of capital commitment relating to the Group's interest in JV are disclosed in Note 36.

9. Interest in Joint Operations

The details of the joint operations are as follows:

Name of Joint Operations	Place of Business/ Country of Incorporation	Effective Economic Interest 2019 %	Effective Economic Interest 2018 %	Principal Activities
KACC-JAKS Joint Venture	Malaysia	50	50	Construction
JAKS-KACC Joint Venture	Malaysia	50	50	Construction
JAVEL-JAKS Joint Venture	Malaysia	50	50	Construction

10. Goodwill on Consolidation

	Group 2019 RM	Group 2018 RM
Cost		
At 1 January/31 December	211,092,762	211,092,762
Accumulated impairment losses		
At 1 January	62,591,857	62,591,857
Impairment for the financial year	20,364,913	-
At 31 December	82,956,770	62,591,857
Carrying amount		
At 31 December	128,135,992	148,500,905

Notes To The Financial Statements (cont'd)

10. Goodwill on Consolidation (cont'd)

Impairment testing for goodwill is done annually. The carrying values were allocated to 2 (2018: 2) of the Group's cash generating units ("CGUs"), for impairment testing as follows:

	Group	
	2019 **RM**	**2018** **RM**
Construction	105,134,087	125,499,000
Property development and management of shopping mall	23,001,905	23,001,905
	128,135,992	148,500,905

Key assumptions used in value-in-use and fair value less costs of disposal calculations

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

(i) Construction

Cash flow projections used in these calculations were based on financial budgets approved by the management covering a five-year period.

	Group	
	2019 **RM**	**2018** **RM**
Gross profit margin	9% - 10%	5% - 10%
Terminal growth rate	0.5%	0.5%
Pre-tax discount rate	12%	13%

A reasonable possible change in the key assumptions would not result in any impairment.

(ii) Property development and management of shopping mall

Considering the CGU's underlying assets comprise the shopping mall, the management estimated the recoverable amount of its goodwill, using fair value less costs of disposal of the shopping mall. Hence, the management engaged a firm of independent valuers to assess the fair value less costs of disposal of the shopping mall. The fair value is within Level 2 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

A reasonable possible change in the key assumptions would not result in any impairment.

(iii) Impairment loss

Based on management's impairment review, the carrying amount of the construction CGU amounting to RM125,499,000 was determined to be higher than its recoverable amount of RM105,134,087 and an impairment loss of RM20,364,913 (2018: Nil) was recognised.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

Notes To The Financial Statements (cont'd)

11. Deferred Tax (Assets)/Liabilities

The following are the deferred tax balances in the statements of financial position:

	Group 2019 RM	Group 2018 RM
Deferred tax assets	(19,195)	(2,324,558)
Deferred tax liabilities	19,195	93,658
Balance at the end of the year	-	(2,230,900)

	Group 2019 RM	Group 2018 RM
At 1 January	(2,230,900)	(2,172,074)
Recognised in profit or loss	2,230,900	(58,826)
At 31 December	-	(2,230,900)

The movements and components of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets	**Unutilised tax losses RM**
Group	
At 1 January 2018	(2,810,178)
Recognised in profit or loss	485,620
At 31 December 2018	(2,324,558)
Recognised in profit or loss	2,305,363
At 31 December 2019	(19,195)

Deferred tax liabilities	**Accelerated capital allowances RM**
Group	
At 1 January 2018	638,104
Recognised in profit or loss	(544,446)
At 31 December 2018	93,658
Recognised in profit or loss	(74,463)
At 31 December 2019	19,195

Notes To The Financial Statements (cont'd)

11. Deferred Tax (Assets)/Liabilities (cont'd)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised capital allowances	6,824,341	6,522,810	-	-
Unutilised tax losses	127,156,259	100,300,994	371,987	2,056,857
Other deductible temporary differences	15,369,143	516,140	182,613	-
	149,349,743	107,339,944	554,600	2,056,857

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

12. Golf Club Memberships

	Group	
	2019 RM	2018 RM
Non-current		
At cost		
At 1 January/31 December	600,000	600,000
Less: Accumulated amortisation		
At 1 January	102,630	94,736
Amortisation for the financial year	7,896	7,894
At 31 December	110,526	102,630
Less: Accumulated impairment loss		
At 1 January/31 December	171,054	171,054
Carrying amount		
At 31 December	318,420	326,316

The golf club membership is amortised over the period of 80 years which expires on 31 December 2082.

13. Inventories

	Group	
	2019 RM	2018 RM
Current		
Property development costs (Note a)	75,545,028	45,617,009
Completed properties held for sales (Note b)	1,027,420	1,571,440
	76,572,448	47,188,449

13. Inventories (cont'd)

(a) Property development costs

	Group 2019 RM	2018 RM
Leasehold land, at cost		
At 1 January	107,843,385	106,299,484
Additions	-	1,543,901
Re-allocation of costs	(361,379)	-
At 31 December	107,482,006	107,843,385
Property development costs		
At 1 January	443,619,427	373,724,547
Additions	105,495,161	69,894,880
At 31 December	549,114,587	443,619,427
Cost recognised in the statements of profit or loss and other comprehensive income		
At 1 January	505,845,803	408,574,409
Recognised during the financial year	75,205,762	97,524,394
Reversal for allowance of foreseeable losses	-	(253,000)
At 31 December	581,051,565	505,845,803
Total property development costs	75,545,028	45,617,009

The property development costs of the Group represent expenditures incurred in relation to the mixed residential and commercial development.

Land held for property development and property development costs with carrying amount of RM75,545,028 (2018: RM45,617,009) are pledged as security for bank borrowings as disclosed in Note 23.

(b) Completed properties held for sale

	Group 2019 RM	2018 RM
At beginning of financial year	1,571,440	1,813,137
Disposal during the financial year	(544,020)	(241,697)
At end of financial year	1,027,420	1,571,440

Notes To The Financial Statements (cont'd)

14. Trade Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables	313,468,263	208,993,178	8,772,286	8,772,286
Less: Accumulated impairment losses	(17,688,854)	(12,388,000)	(8,772,286)	(8,609,130)
	295,779,409	196,605,178	-	163,156

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2018: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group and the Company have other credit term and assessed and approved on a case-to-case basis, no concentration of credit risk except for the amounts owing by five (2018: seven) and Nil (2018: one) which constituted approximately 24% (2018: 63%) and 0% (2018: 100%) of its trade receivables respectively as at the end of the reporting period.

Included in trade receivables of the Group is an amount of RM5,348,543 (2018: RM38,082,742) due from one (2018: one) receivable jointly controlled by directors of a subsidiary company. The amount is unsecured and interest free.

Included in trade receivable of the Group is an amount of RM13,052,835 (2018: RM10,478,989) due from one (2018: one) receivable which is a non-controlling interest of certain subsidiary companies. The amount is unsecured and interest free.

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	12,388,000	11,223,901	8,609,130	8,609,130
Effect of adopting MFRS 9	-	107,992	-	-
Impairment losses recognised	5,318,354	1,108,607	163,156	-
Impairment losses reversed	(17,500)	(52,500)	-	-
At 31 December	17,688,854	12,388,000	8,772,286	8,609,130

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

14. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2019			
Neither past due nor impaired	111,671,250	-	111,671,250
Past due not impaired:			
Less than 30 days	496,844	(29,992)	466,852
31 to 60 days	2,214,892	(8,386)	2,206,506
61 to 90 days	64,644,686	(3,560)	64,641,126
More than 90 days	121,738,496	(4,944,821)	116,793,675
	300,766,168	(4,986,759)	295,779,409
Credit impaired:			
Individual impaired	12,702,095	(12,702,095)	-
	313,468,263	(17,688,854)	295,779,409
2018			
Neither past due nor impaired	62,469,943	-	62,469,943
Past due not impaired:			
Less than 30 days	1,423,582	-	1,423,582
31 to 60 days	12,767,212	-	12,767,212
61 to 90 days	9,547,664	-	9,547,664
More than 90 days	111,613,376	(1,216,599)	110,396,777
	197,821,777	(1,216,599)	196,605,178
Credit impaired:			
Individual impaired	11,171,401	(11,171,401)	-
	208,993,178	(12,388,000)	196,605,178
Company			
2019			
Credit impaired:			
Individual impaired	8,772,286	(8,772,286)	-
	8,772,286	(8,772,286)	-
2018			
Past due not impaired:			
61 to 90 days	163,156	-	163,156
	163,156	-	163,156
Credit impaired:			
Individual impaired	8,609,130	(8,609,130)	-
	8,772,286	(8,609,130)	163,156

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2019, trade receivables of the Group and of the Company RM184,108,159 and Nil (2018: RM134,135,235 and RM163,156) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM12,702,095 and RM8,772,286 (2018: RM11,171,401 and RM8,609,130) respectively, related to customers that are in financial difficulties and have defaulted on payments.

Notes To The Financial Statements (cont'd)

15. Contract Assets

	Group 2019 RM	Group 2018 RM
Current		
Contract asset		
Construction contract (a)	294,671,928	456,260,868
Property development activities (b)	6,485,775	55,117,390
	301,157,703	511,378,258
Increase/(Decrease) in contract assets		
- Change in measure of progress	(210,220,555)	(17,873,348)

(a) Construction contracts

	Group 2019 RM	Group 2018 RM
Contract costs incurred to date	4,505,287,704	3,796,596,449
Attributable profits	999,818,166	708,300,112
	5,505,105,870	4,504,896,561
Less: Progress billings	(5,206,686,176)	(4,055,901,611)
Exchange differences	(3,747,766)	7,265,918
	294,671,928	456,260,868
Presented as:		
Contract assets	294,671,928	456,260,868
Advances received from customer (included in other payables)	78,744,972	227,002,862
Retention sums on contracts (included in trade receivables)	30,626,728	31,465,925

(b) Property development activities

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

(c) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM770,421,125 (2018: RM1,982,739,618). The Group expects to recognise this revenue as the property development and construction contracts are completed, which is expected to occur over the next 12 - 36 months.

16. Other Receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other receivables	224,043,221	287,955,898	205,625	181,603
Deposits	13,973,730	25,466,389	614,596	621,596
Prepayments	2,630,863	2,511,537	73,887	76,094
	240,647,814	315,933,824	894,108	879,293
Less: Accumulated impairment				
- Other receivables	(7,288,048)	(99,053)	-	-
	233,359,766	315,834,771	894,108	879,293

Movements in the allowance for impairment losses are as follows:

	Group	
	2019	**2018**
	RM	**RM**
At 1 January	99,053	1,552,248
Amount written off	-	(1,552,248)
Impairment losses recognised	7,188,995	99,053
At 31 December	7,288,048	99,053

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

(i) Included in other receivables of the Group is an amount of RM34,937 (2018: RM34,937) due from one receivable which is controlled by a director of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

(ii) Other receivables of the Group that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties.

Notes To The Financial Statements (cont'd)

17. Amount Due from/(to) Subsidiary Companies

	Company	
	2019 RM	2018 RM
Amount due from subsidiary companies:		
Non-interest bearing		
Non-trade	508,907,133	422,605,184
Less: Accumulated impairment losses	(85,337,581)	(5,525,027)
	423,569,552	417,080,157

	Company	
	2019 RM	2018 RM
Amount due to subsidiary companies:		
Non-interest bearing		
Non-trade	(340,671,675)	(139,730,078)

Amount due from/(to) subsidiary companies are unsecured and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Company	
	2019 RM	2018 RM
As at 1 January	5,525,027	5,525,027
Impairment losses recognised	80,012,554	-
Impairment losses reversed	(200,000)	-
At 31 December	85,337,581	5,525,027

The loss allowance account in respect of amount due from subsidiary companies is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

18. Amount Due from Joint Ventures

	Group	
	2019 RM	2018 RM
Non-interest bearing		
Non-trade	9,203,213	6,879,440

Amount due from joint ventures are unsecured and repayable on demand.

19. Deposits Placed with Licensed Banks

Deposits placed with licensed banks are pledged to the banks to secure credit facilities granted to the Group as disclosed in Note 23.

The effective interest rates for the Group's deposits range from 2.50% to 3.21% (2018: 2.55% to 3.15%) per annum.

Notes To The Financial Statements (cont'd)

20. Cash and Bank Balances

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Housing development accounts	3,263,782	35,729,887	-	-
Project development accounts	161,229	15,533,330	-	-
Debt service reserve accounts	3,704,555	1,235,769	-	-
Cash and bank balances	95,123,783	38,536,367	1,945,348	10,249,658
	102,253,349	91,035,353	1,945,348	10,249,658
Less: Deposits pledged with licensed banks	(3,704,555)	(1,235,769)	-	-
Total cash and cash equivalents	98,548,794	89,799,584	1,945,348	10,249,658

(a) Housing Development Accounts are maintained pursuant to the Housing Development (Control and Licensing) Act, 1966 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.

(b) Project Development Account and Debt Service Reserve Account are pledge as security for bank borrowings as disclosed in Note 23.

(c) Included in cash and bank balances of the Group is RM38,705 (2018: RM266,163) relating Escrow Account and Operating Account pledged for bank borrowings as disclosed in Note 23.

(d) Included in cash and bank balances of the Group and of the Company, there are RM83,494,056 and RM264,785 (2018: RM19,179,037 and RM413,567) in which its currency exposure profile is United States Dollar.

21. Share Capital

	Group and Company			
	Number of shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	545,943,372	492,747,172	598,974,584	524,387,378
Private share placement	58,465,313	49,631,200	40,925,719	68,491,056
Exercise of share option	-	3,565,000	-	6,096,150
Issuance of shares under share grant plan	38,709,760	-	19,741,978	-
At 31 December	643,118,445	545,943,372	659,642,281	598,974,584

During the financial year, the Company issued:

(a) 38,709,760 new ordinary shares pursuant to the Company's SGP under Long Term Incentive Plan.

(b) 58,465,313 new ordinary shares through private placement at issue price of RM0.70 for a total cash consideration of RM40,925,719 for working capital purposes.

Notes To The Financial Statements (cont'd)

21. Share Capital (cont'd)

In the previous year, the Company issued:

(a) 3,565,000 new ordinary shares through exercise of share options at issue price of cash RM1.40 for a total cash consideration of RM4,991,000.

(b) 49,631,200 new ordinary shares through private placement at issue price of RM1.38 for a total cash consideration of RM68,491,056 for working capital purposes.

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 meeting of the Company.

22. Reserves

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable					
Translation reserves	(a)	(11,550,719)	(3,795,977)	-	-
LTIP reserves	(b)	2,576,100	3,219,350	2,576,100	3,219,350
Warrants reserves	(c)	25,607,108	25,607,108	25,607,108	25,607,108
		16,632,489	25,030,481	28,183,208	28,826,458
Distributable					
Retained earnings		301,674,300	194,199,079	(72,717,258)	34,670,042
		318,306,789	219,229,560	(44,534,050)	63,496,500

(a) Foreign currency translation reserves

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(b) LTIP reserves

The LTIP reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings. Share option is disclosed in Note 32.

(c) Warrants reserves

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrants 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrants on the basis of 1 Warrant for every 2 existing ordinary share held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary shares in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purpose. As at the reporting date, 102,428,430 Warrants remained unexercised.

Notes To The Financial Statements (cont'd)

23. Bank Borrowings

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Secured				
Non-current liabilities				
Finance lease liabilities	-	281,161	-	281,161
Term loans	306,000,000	321,500,000	-	-
	306,000,000	321,781,161	-	281,161
Current liabilities				
Finance lease liabilities	-	234,859	-	70,494
Term loans	14,000,000	7,000,000	-	-
Trade Commodity Financing	33,883,083	34,797,470	-	-
Bill payables	43,498,786	51,778,318	-	-
Revolving credits	11,500,000	11,500,000	-	-
Bank overdrafts	12,572,583	7,576,290	-	-
	115,454,452	112,886,937	-	70,494
Total borrowings				
Finance lease liabilities	-	516,020	-	351,655
Term loans	320,000,000	328,500,000	-	-
Trade Commodity Financing	33,883,083	34,797,470	-	-
Bill payables	43,498,786	51,778,318	-	-
Revolving credits	11,500,000	11,500,000	-	-
Bank overdrafts	12,572,583	7,576,290	-	-
	421,454,452	434,668,098	-	351,655

The range of interest rates per annum at the reporting date for borrowings were as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Finance lease liabilities	2.33 - 7.82	2.33 - 3.54	2.33	2.33
Term loans	6.00 - 7.65	6.00 - 7.50	-	-
Trade Commodity Financing	5.86 - 6.19	6.23 - 6.57	-	-
Bill payables	4.08 - 8.07	4.44 - 8.32	-	-
Revolving credits	4.70	4.76 - 6.80	-	6.80
Bank overdrafts	7.65 - 8.64	7.60 - 8.79	-	8.15 - 8.40

Notes To The Financial Statements (cont'd)

23. Bank Borrowings (cont'd)

Finance lease liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Future minimum finance lease payments				
- not later than one year	-	258,170	-	84,864
- later than one year and not later than five years	-	304,046	-	304,046
	-	562,216	-	388,910
Less: Future interest charges	-	(46,196)	-	(37,255)
	-	516,020	-	351,655
Represented by:				
Current				
- not later than one year	-	234,859	-	70,494
Non-current				
- later than one year and not later than five years	-	281,161	-	281,161
	-	516,020	-	351,655

In the previous financial year, the Group leased motor vehicles and plant and machinery under finance lease (Note 4(a)).

The term loans, bill payables, trade commodity financing, revolving credits and bank overdrafts of the Group and of the Company are secured as follows:

(i) fixed charges over certain investment properties as disclosed in Note 5;

(ii) fixed charges over certain leasehold land included in property development costs as disclosed in Note 13;

(iii) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiary companies;

(iv) fixed and floating charge over the present and future assets of certain subsidiary companies;

(v) first legal charge over the equity acquired in a subsidiary company;

(vi) facilities agreements together with interest, commission and all other charges thereon;

(vii) assignment over proceeds under certain contracts, Letter of Notification and Letter of Instruction;

(viii) assignment of all dividends and/or distribution from a subsidiary company's shares;

(ix) negative pledge over certain subsidiary companies' assets both present and future;

(x) corporate guarantees provided by the Company, a subsidiary company, and a non-controlling interest;

23. Bank Borrowings (cont'd)

Finance lease liabilities (cont'd)

The term loans, bill payables, trade commodity financing, revolving credits and bank overdrafts of the Group and of the Company are secured as follows: (cont'd)

(xi) personal guarantee by the Director of subsidiary company;

(xii) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 19 and 20;

(xiii) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 5;

(xiv) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 5;

(xv) legal assignment of the present and future proceeds from the car parks' and investment properties' rental income of certain subsidiary companies; and

(xvi) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary company.

24. Lease Liabilities

	Group 2019 RM	Company 2019 RM
At 1 January, as previously reported	-	-
Effect of adopting of MFRS 16	2,956,276	2,487,489
At 1 January, restated	2,956,276	2,487,489
Additions	104,307	-
Payments	(1,548,767)	(1,170,359)
At 31 December	1,511,816	1,317,130
Presented as:		
Non-current	232,101	207,183
Current	1,279,715	1,109,947
	1,511,816	1,317,130

Notes To The Financial Statements (cont'd)

24. Lease Liabilities (cont'd)

The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period:

	Group 2019 RM	Company 2019 RM
Within one year	1,464,571	1,284,864
Later than one year and not later than two years	112,464	84,864
Later than two years and not later than five years	134,317	134,318
	1,711,352	1,504,046
Less: Future finance charges	(199,536)	(186,916)
Present value of lease liabilities	1,511,816	1,317,130

The Group leases land and building and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

25. Trade Payables

	Group	
	2019 RM	2018 RM
Trade payables (Note a)	446,524,265	399,859,263
Deferred contract revenue (Note b)	11,491	2,799,360
	446,535,756	402,658,623

(a) The normal trade credit terms granted to the Group range from 1 to 90 (2018: 1 to 90) days from date of invoice.

(b) Deferred contract revenue

	Group	
	2019 RM	2018 RM
Deferred contract revenue	135,000,000	135,000,000
Deposit paid	-	(500,000)
Contract revenue recognised	(134,988,509)	(131,700,640)
	11,491	2,799,360

On 19 August 2011, a subsidiary of the Company, JAKS Island Circle Sdn. Bhd. ('JIC") and Star Media Group Berhad entered into a Sale and Purchase Agreement to purchase a 99 years leasehold land which is located at PN97384, Lot 141 (previously known as HS(D) 259880, Lot PT 16), Seksyen 13, Bandar Petaling Jaya, to develop into a mixed residential and commercial development, for a purchase consideration of RM135,000,000.

The purchase consideration is to be satisfied within 3 years by the completion, delivery and transfer of legal title with vacant possession and Certified of Completion and Compliance, free from all encumbrances of Tower A of the mixed residential and commercial development of JIC.

During the financial year, RM2,787,869 (2018: RM15,007,219) has been recognised based on the stage of completion of the said development.

26. Other Payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	83,685,954	118,974,496	315,324	5,958
Advance payment on construction contract	78,744,971	227,002,862	-	-
Deposits received	32,178,313	32,408,502	28,647,500	28,969,500
Liquidated ascertained damages and disputed performance liability	145,135,782	107,707,752	-	-
Accruals	119,224,601	97,218,711	19,152,762	18,547,639
	458,969,621	583,312,323	48,115,586	47,523,097

Included in other payables of the Group is an amount of RM3,245,146 (2018: RM3,880,588) due to one (2018: one) payables which are jointly controlled by directors of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

Included in deposits received and accruals of the Group and of the Company, there are RM45,791,490 (2018: RM46,406,868) in which its currency exposure profile is United States Dollar.

The movements in provision for liquidated ascertained damages and disputed performance liability are as follows:

	Group	
	2019 RM	2018 RM
As at 1 January	107,707,752	25,375,672
Current year provision	37,428,030	82,332,080
As at 31 December	145,135,782	107,707,752

Provision for liquidated ascertained damages refer to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

Notes To The Financial Statements (cont'd)

27. Revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customers:				
Property development activities	55,490,395	99,605,100	-	-
Less: Provision for liquidated ascertained damages	(37,428,030)	(32,332,080)	-	-
Less: Provision for disputed performance liability	-	(50,000,000)	-	-
	18,062,365	17,273,020	-	-
Construction contract works	1,027,636,913	628,326,651	-	-
Sales of goods	741,025	4,316,221	-	-
Management fees	-	-	11,400,000	11,400,000
Property investment	5,297,137	8,201,906	-	-
	1,051,737,440	658,117,798	11,400,000	11,400,000
Timing of revenue recognition:				
At a point in time	6,038,162	12,518,127	11,400,000	11,400,000
Over time	1,045,699,278	645,599,671	-	-
Total revenue from contracts with customers	1,051,737,440	658,117,798	11,400,000	11,400,000

Breakdown of the Group's revenue from contract with customers:

	Construction RM	Trading and services RM	Property development/ property investment RM	Total RM
2019				
Major goods and services	-	741,025	23,359,502	24,100,527
Construction contract revenue	1,027,636,913	-	-	1,027,636,913
Total revenue from contract with customers	1,027,636,913	741,025	23,359,502	1,051,737,440
2018				
Major goods and services	-	4,316,221	25,474,926	29,791,147
Construction contract revenue	628,326,651	-	-	628,326,651
Total revenue from contract with customers	628,326,651	4,316,221	25,474,926	658,117,798

Notes To The Financial Statements (cont'd)

28. Finance Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest expenses				
Bank overdrafts	845,420	2,555,444	-	669,493
Bill payables	2,443,640	3,263,908	-	-
Finance lease liabilities	-	39,864	-	7,458
Lease liabilities	153,560	-	114,505	-
Term loans	21,256,445	22,114,461	-	-
Bank guarantee	168,534	11,506	-	-
Revolving credit	543,531	137,975	-	376,999
Trade commodity financing	1,647,992	2,129,491	-	-
	27,059,122	30,252,649	114,505	1,053,950
Less: Interest expense capitalised in investment property (Note 5(e))	(6,110,965)	(7,004,739)	-	-
	20,948,157	23,247,910	114,505	1,053,950

29. Profit/(Loss) Before Tax

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Net loss on impairment of financial instruments:				
- Trade receivables	5,318,354	1,108,607	163,156	-
- Other receivables	7,188,995	99,053	-	-
- Amounts due from subsidiary companies	-	-	80,012,554	-
Impairment loss on non-financial assets:				
- Investment in subsidiary companies	-	-	4,785,102	250,000
- Goodwill	20,364,913	-	-	-
- Investment properties	10,398,698	-	-	-
Amortisation of golf club memberships	7,896	7,894	-	-
Auditors' remuneration (Note 29a)	336,317	297,201	82,000	75,000
Depreciation of:				
- Property, plant and equipment	803,550	1,953,680	291,811	332,480
- Investment properties	12,767,878	11,570,483	-	-
- Right-of-use assets	1,913,489	-	1,184,779	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(36,504)	(6,917,993)	-	(244,388)
- right-of-use assets	348,654	-	-	-
Provision for liquidated ascertained damages	37,428,030	32,332,080	-	-
Provision for disputed performance liability	-	50,000,000	-	-
Share grant plan expense	19,741,978	-	19,741,978	-
Unrealised loss/(gain) on foreign exchange	(1,857,638)	(2,261,335)	352,674	(37,856)
Lease expenses relating to short-term leases	38,080	1,706,169	-	1,200,000
Forfeiture of deposits from purchasers	-	(17,524)	-	-

Notes To The Financial Statements (cont'd)

29. Profit/(Loss) Before Tax (cont'd)

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items: (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Reversal of impairment loss on:				
- Trade receivables	(17,500)	(52,500)	-	-
- Amounts due from subsidiary companies	-	-	(200,000)	-
Gain on disposal of investment in subsidiary companies	-	-	(500,000)	-
Interest income	(2,462,801)	(991,139)	(42,187)	-
Rental income	(6,000)	(12,000)	-	-
Management fees	-	-	(11,400,000)	(11,400,000)
Share of result of joint venture	37,239	458,792	-	-
Other income	(1,000)	(222,577)	-	-

(a) Auditors' remuneration

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
Audit fee				
- Current year	338,804	314,119	82,000	75,000
- (Over)/Under provision in prior years	(2,487)	(16,918)	-	-
	336,317	297,201	82,000	75,000

30. Taxation

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	41,111	2,232,856	-	-
- outside Malaysia	4,195,323	1,381,585	-	-
Under/(Over) provision in prior years	281,241	(151,592)	(52,068)	-
	4,517,675	3,462,849	(52,068)	-
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(197,872)	(289,795)	-	-
Under provision in prior years	2,428,772	230,969	-	-
	2,230,900	(58,826)	-	-
Tax expenses for the financial year	6,748,575	3,404,023	(52,068)	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit/(Loss) before tax	52,630,206	(43,203,121)	(106,863,779)	(2,649,739)
At Malaysian statutory rate of 24%	12,631,249	(10,368,749)	(25,647,307)	(635,937)
Income not subject to tax	(32,841)	(17,871,291)	(10,125)	(30,524)
Expenses not deductible for tax purposes	23,485,170	26,934,305	26,017,974	661,639
Deferred tax assets not recognised	11,919,098	7,308,997	39,367	4,822
Utilisation of previously unrecognised deferred tax assets	(1,836,746)	(37,730)	(399,909)	-
Share of result of joint venture	8,937	110,110	-	-
Under/(Over) provision of taxation in prior years	281,241	(151,592)	(52,068)	-
Under provision of deferred tax in prior years	2,428,772	230,969	-	-
Effect of different tax rate for other jurisdiction	(42,136,305)	(2,750,996)	-	-
Tax expenses for the financial year	6,748,575	3,404,023	(52,068)	-

Notes To The Financial Statements (cont'd)

30. Taxation (cont'd)

The Group and the Company have the following estimated unused tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Unutilised capital allowances	6,824,341	6,522,810	-	-
Unutilised tax losses	127,236,238	109,986,652	451,968	2,056,857
	134,060,579	116,509,462	451,968	2,056,857

31. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2019 RM	**2018 RM**
Net profit for the financial year, attributable to owners of the parent	108,049,569	15,350,718
Weighted average number of ordinary shares in issue in 1 January	545,943,372	492,747,172
Effect of ordinary shares issued during the financial year	69,587,906	41,056,131
Weighted average number of ordinary shares in issue in 31 December	615,531,278	533,803,303
Basic earnings per share (in sen)	17.55	2.88

31. Earnings per Share (cont'd)

(b) Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2019 RM	**2018 RM**
Net profit attributable to owners of the parent	108,049,569	15,350,718
Weighted average number of ordinary shares used in the calculation of basic earnings per share	615,531,278	533,803,303
Adjustment for incremental shares from assumed exercise of:		
- Share options	-	-
- Warrants	22,484,290	-
Weighted average number of ordinary shares at 31 December (diluted)	638,015,568	533,803,303
Diluted earnings per share (in sen)	16.94	2.88

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

32. Long Term Inactive Plan ("LTIP")

On 28 June 2016, the shareholders of JRB have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies. The Group's LTIP comprises of the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

The salient terms of the LTIP are as follows:

(a) The maximum number of Shares to be allotted and issued pursuant to the LTIP shall not at any point in time in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time.

(b) The basis of allocation of the number of shares which may be offered to an Eligible Person pursuant to LTIP shall be determined entirely at the discretion of the LTIP Committee. The LTIP Committee will ensure that there should be equitable allocation to the Eligible Persons, after taking into consideration, amongst others, the appraised performance, seniority and/or length of service, contributions to the success and development as well as such other criteria as the LTIP Committee may deem fit and relevant. The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the LTIP period.

32. LTIP (cont'd)

The salient terms of the LTIP are as follows: (cont'd)

(c) A person who fulfils the following criteria as at the date of an LTIP Grant shall be eligible to be considered by the LTIP Committee as an Eligible Person:

(i) has attained the age of eighteen (18) years;
(ii) has not been adjudicated a bankrupt;
(iii) has entered into a full-time or fixed-term contract of service/employment with any company within the Group;
(iv) whose service/employment has been confirmed in writing;
(v) a Director or Senior Management of JRB Group; and
(vi) has fulfilled any other eligibility criteria to be determined by the LTIP Committee from time to time at its discretion, as the case may be.

(d) The LTIP shall be in force for a duration of five (5) years from the effective date of the implementation. The LTIP may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the LTIP Committee.

(e) The new shares to be issued pursuant to the LTIP shall upon allotment and issue, rank pari passu in respects with the existing shares except that the new shares shall not be entitled to any dividends, rights, allotment and/or other distributions which entitlements date precedes the date of allotment of the said shares.

(f) In the case of the share grant, the shares will be vested with the grantee at no consideration on the vesting date. While in the case of share option, the option price shall be based on the 5 day weighted average market price of the underlying shares at the time the option is offered, with a discount of not more than 10%.

SOP

Movements in the number of share options and the exercise price are as follows:

	Group and Company Number of share option 2019 Unit	**2018 Unit**
At 1 January	10,385,000	13,950,000
Exercised during the financial year	-	(3,565,000)
Share option lapsed	(2,075,000)	-
At 31 December	8,310,000	10,385,000
Exercise price (RM)	RM1.40	RM1.40
Options exercisable at 31 December	8,310,000	10,385,000

During the financial year, Nil (2018: 3,565,000) share options were exercised. The weighted average share price at the date of exercise was RM1.34 (2018: 1.34).

32. LTIP (cont'd)

SOP (cont'd)

The fair value of share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group and Company 2019	2018
Fair value at grant date (RM)	0.31	0.31
Share price	1.39	1.39
Exercise price	1.41	1.41
Expected volatility (%)	34.38%	34.38%
Expected life (years)	1 year	1 year
Risk-free interest rate (%)	3.53%	3.53%

SGP

Movements in the number of shares granted and vested are as follows:

	Group and Company Number of shares 2019 Unit	2018 Unit
At 1 January	-	-
Granted *	38,709,760	-
Vested *	(38,709,760)	-
At 31 December	-	-

* Granted and vested on the same date.

The closing share price at the date of granting was RM0.51 (2018: Nil) per ordinary share.

Notes To The Financial Statements (cont'd)

33. Staff Costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Fees	363,475	180,000	363,475	180,000
Salaries, wages and other emoluments	17,636,642	15,256,692	7,334,973	7,695,708
Defined contributions plan	1,524,249	1,294,839	791,985	810,977
Shares granted under LTIP	19,741,978	-	19,741,978	-
	39,266,344	16,731,531	28,232,411	8,686,685

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company during the financial year as below:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Executive Directors				
Salaries, wages and other emoluments	3,061,000	3,157,236	3,061,000	3,157,236
Defined contributions plan	358,449	365,130	358,449	365,130
Shares granted under LTIP	14,089,138	-	14,089,138	-
	17,508,587	3,522,366	17,508,587	3,522,366
Non-executive Directors				
Fees	363,475	180,000	363,475	180,000
Other emoluments	93,500	78,500	93,500	78,500
	456,975	258,500	456,975	258,500
Total Directors' remuneration	17,965,562	3,780,866	17,965,562	3,780,866

The estimated monetary value of Directors' benefit-in-kind is RM80,300 (2018: RM 71,900).

34. Contingent Liability

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Unsecured				
Bank guarantees issued for				
- execution of contracts of the subsidiary companies	61,891,411	91,341,052	-	-
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	421,293,430	412,832,205
Liquidated and ascertained damages	37,428,030	34,255,123	-	-
	99,319,441	125,596,175	421,293,430	412,832,205

Liquidated and ascertained damages

Star Media Group Berhad ("STAR") claimed for payment of interest from JIC, a subsidiary company of the Company, for failure to deliver vacant possession of Tower A within 3 years completion period as stated in the Sale and Purchase Agreement disclosed in Note 25(b).

35. Related Party Disclosures

(a) Identifying 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 joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. 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. The key management personnel comprise the Directors and certain members of senior management of the Group.

Notes To The Financial Statements (cont'd)

35. Related Party Disclosures (cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2019 RM	2018 RM
Group		
Rental expense paid to a non-controlling interest of a subsidiary company	53,880	66,300
Rental income from a company controlled by a Director of a subsidiary company	-	453,719
Service charges received/receivable from a company controlled by a Director of a subsidiary company	-	1,361,156
Construction cost charged to a non-controlling interest of a subsidiary company	-	7,329,610
Acquisition of investment properties from a company in which certain Directors of a subsidiary company have substantial interest	18,076,000	-
Progress billing received/receivable from joint venture	971,564,808	388,464,528
Company		
Management fees received/receivable from subsidiary companies	11,400,000	11,400,000

(c) Compensation of key management personnel

Compensation of key management personnel is as follow:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employees benefits	6,224,021	6,835,168	5,484,461	5,791,837
Defined contribution plans	676,363	750,056	599,068	646,448
Shares granted under LTIP	19,741,978	-	14,089,138	-
	26,642,362	7,585,224	20,172,667	6,438,285

Included in compensation of key management personnel is remuneration of Directors as disclosed in Note 33.

36. Commitment

(a) Capital commitment

	Group 2019 RM	Group 2018 RM
Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, a joint venture of the Group, amounted to USD52.1million (2018: USD92.1million)#	213,372,666	381,155,850

\# If JAKS Power Holding Limited ("JPH"), a subsidiary company of the Company, fails or refuses to contribute Shareholder's Funding in the manner contemplated in the Subscription Agreement, China Power Engineering Consulting Group Co. Ltd ("CPECC") is obliged to do the following:-

(i) CPECC shall provide Shareholder Funding to JAKS Pacific Power Limited ("JPP") in lieu of such Shareholder Funding that was contemplated to be paid by JPH, and CPECC may subscribe for a corresponding number of additional Redeemable Convertible Preference Shares ("RCPS"), which subscription shall result in the dilution of the Effective Economic Interest of JPH in JPP; and/or

(ii) CPECC shall provide Shareholder Funding to JPP by way of interest-bearing shareholder's loan to JPP to cover such Shareholder Funding that is outstanding from JPH to cover such Shareholder Funding that is outstanding from JPH. JPH shall rectify its default and restore CPECC as soon as possible but in any event no later than three (3) months from the date of default, failing which CPECC, have the rights, at any time to convert the said shareholder's loans to additional RCPS of equivalent amount of the outstanding Shareholder Funding at the conversion ratio of 1 RCPS for each USD 1.00 of the outstanding shareholder's loan.

(b) Operating lease commitments – as lessor

The Group leases out its investment properties (Note 5(a)). The future minimum lease receivables under non-cancellable leases are as follows:

	Group 2019 RM	Group 2018 RM
Less than 1 year	3,382,218	2,780,296
Between 1 and 5 years	1,969,968	2,864,712
	5,352,186	5,645,008

Notes To The Financial Statements (cont'd)

37. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

Manufacturing	:	Comprise mainly manufacturing of pipes.
Trading	:	Comprise mainly trading in sheet piles, steel bars, mild steel and special pipes, other steel related products, building materials and supply of products for water supply industry.
Construction	:	Comprise mainly provision of sub-contracting activities, general contractor, supplier of building materials and also construction.
Property Development/ Property Investment	:	Development of residential and commercial properties and management of shopping mall.
Others	:	Investment holding.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on segment profit/(loss) before tax and is measured consistently with profit or loss in the consolidated financial statements.

Segment assets and liabilities information are not regularly provided to the chief operating decision-maker. Hence, no disclosure is made on segment assets and liabilities.

Notes To The Financial Statements (cont'd)

37. Segment Information (cont'd)

Group	Manufacturing RM	Trading RM	Construction RM	Property Development/ Property Investment RM	Others RM	Elimination RM	Total RM
2019							
Revenue							
External revenue	-	741,025	1,027,636,913	23,359,502	-	-	1,051,737,440
Inter-company	-	2,089,386	47,568,187	76,007,132	11,400,000	(137,064,705)	-
	-	2,830,411	1,075,205,100	99,366,634	11,400,000	(137,064,705)	1,051,737,440
Results							
Segment results	(7,212,000)	(36,200,102)	163,818,348	(91,598,606)	(134,940,746)	173,859,447	67,726,341
Other income	58,610	76,015	3,068,986	413,412	2,952,499	(717,500)	5,852,022
Finance costs - (net)	-	(752,578)	(4,912,157)	(13,917,382)	(1,366,040)	-	(20,948,157)
Profit/(loss) before tax	(7,153,390)	(36,876,665)	161,975,177	(105,102,576)	(133,354,287)	173,141,947	52,630,206
2018							
Revenue							
External revenue	-	4,316,221	628,326,651	25,474,926	-	-	658,117,798
Inter-company	-	1,161,665	118,529,672	15,157,978	11,400,000	(146,249,315)	-
	-	5,477,886	746,856,323	40,632,904	11,400,000	(146,249,315)	658,117,798
Results							
Segment results	(449,502)	(375,158)	87,705,455	(111,642,240)	(7,355,562)	1,301,257	(30,815,750)
Other income	67,502	132,831	704,365	8,945,374	1,010,467	-	10,860,539
Finance costs - (net)	(22)	(1,141,331)	(6,319,884)	(14,732,723)	(1,053,950)	-	(23,247,910)
Profit/(loss) before tax	(382,022)	(1,383,658)	82,089,936	(117,429,589)	(7,399,045)	1,301,257	(43,203,121)

37. Segment Information (cont'd)

Geographical Segments

Segment information is presented in respect of the Group's geographical segments. The geographical segments are based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of assets. The Group's principal geographical areas for its operations are located in Malaysia and Vietnam.

	Malaysia RM	Vietnam RM	Total RM
2019			
Revenue from external customer by location of Customer	234,145,947	817,591,493	1,051,737,440
Segment non-current assets	821,574,841	-	821,574,841
2018			
Revenue from external customer by location of Customer	333,377,471	324,740,327	658,117,798
Segment non-current assets	795,030,488	-	795,030,488

Major customers

The following are major customers with revenue equal or more than 10% of the Group total revenue:

	Revenue 2019 RM	Revenue 2018 RM	Segment
Customer A	817,591,493	324,740,327	Construction

38. Financial Instruments

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM
Group	
2019	
Financial Assets	
Trade receivables	295,779,409
Other receivables	230,728,903
Amount due from joint ventures	9,203,213
Fixed deposits with licensed banks	49,233,523
Cash and bank balances	102,253,349
	687,198,397
Financial Liabilities	
Trade payables	446,524,265
Other payables	313,833,839
Bank borrowings	421,454,452
Lease liabilities	1,511,816
	1,183,324,372
Company	
2019	
Financial Assets	
Other receivables	820,221
Amount due from subsidiary companies	423,569,552
Cash and bank balances	1,945,348
	426,335,121
Financial Liabilities	
Other payables	48,115,586
Amount due to subsidiary companies	340,671,675
Lease liabilities	1,317,130
	390,104,391

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

	At amortised cost RM
Group	
2018	
Financial Assets	
Trade receivables	196,605,178
Other receivables	313,323,234
Amount due from joint ventures	6,879,440
Fixed deposits with licensed banks	76,076,200
Cash and bank balances	91,035,353
	683,919,405
Financial Liabilities	
Trade payables	399,859,263
Other payables	475,604,571
Bank borrowings	434,668,098
	1,310,131,932
Company	
2018	
Financial Assets	
Trade receivables	163,156
Other receivables	803,199
Amount due from subsidiary companies	417,080,157
Cash and bank balances	10,249,658
	428,296,170
Financial Liabilities	
Other payables	47,523,097
Amount due to subsidiary companies	139,730,078
Bank borrowings	351,655
	187,604,830

(b) Net loss arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net loss on impairment of financial instruments:				
- Financial assets at amortised cost	12,489,849	1,155,160	79,975,710	-

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group 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 its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks and financial institutions for credit facilities granted to certain subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and financial institutions for banking facilities granted to certain subsidiary companies and corporate guarantee provided to a non-financial institution for performance guarantee in respect of property development of a subsidiary company. The Company's maximum exposure in this respect is RM421.30 million (2018: RM412.80 million), representing the performance guarantee provided and outstanding banking facilities of the subsidiary companies at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Notes 14 and 37. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2019					
Non-derivative financial liabilities					
Trade payables	446,524,265	-	-	446,524,265	446,524,265
Other payables	313,833,839	-	-	313,833,839	313,833,839
Bank borrowings	136,690,084	323,079,683	113,487,474	573,257,241	421,454,452
Lease liabilities	1,464,571	112,464	134,318	1,711,353	1,511,816
	898,512,759	323,192,147	113,621,792	1,335,326,698	1,183,324,372
2018					
Non-derivative financial liabilities					
Trade payables	399,859,263	-	-	399,859,263	399,859,263
Other payables	475,604,571	-	-	475,604,571	475,604,571
Bank borrowings	156,844,655	112,776,125	305,793,961	575,414,741	434,668,098
	1,032,308,489	112,776,125	305,793,961	1,450,878,575	1,310,131,932

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2019					
Non-derivative financial liabilities					
Other payables	48,115,586	-	-	48,115,586	48,115,586
Amount due to subsidiary company	340,671,675	-	-	340,671,675	340,671,675
Lease liabilities	1,284,864	84,864	134,318	1,504,046	1,317,130
Financial guarantee*	421,293,430	-	-	421,293,430	-
	811,365,555	84,864	134,318	811,584,737	390,104,391
2018					
Non-derivative financial liabilities					
Other payables	47,523,097	-	-	47,523,097	47,523,097
Amount due to subsidiary company	139,730,078	-	-	139,730,078	139,730,078
Finance lease liabilities	84,864	304,046	-	388,910	351,655
Financial guarantee*	412,832,205	-	-	412,832,205	-
	600,170,244	304,046	-	600,474,290	187,604,830

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by these companies.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

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:

	2019 RM	2018 RM
Group		
Denominated in United Stated Dollar		
Cash and bank balances	83,494,056	19,179,037
Other payables and accruals	(45,791,490)	(46,406,868)
	37,702,566	(27,227,831)
Company		
Denominated in United Stated Dollar		
Cash and bank balances	264,785	413,567
Capital contribution to a subsidiary company	360,646,323	199,143,961
Other payables and accruals	(45,791,490)	(46,406,868)
	315,119,618	153,150,660

<u>Foreign currency sensitivity analysis</u>

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) before tax to a reasonably possible change in USD exchange rate against RM, with all other variables held constant.

	Change in currency rate RM	2019 Effect on profit before tax RM	2018 Effect on profit before tax RM
Group			
USD	Strengthened 10%	3,770,257	(2,722,783)
	Weakened 10%	(3,770,257)	2,722,783
Company			
USD	Strengthened 10%	31,511,962	15,315,066
	Weakened 10%	(31,511,962)	(15,315,066)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in market 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 market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	49,233,523	76,076,200	-	-
Financial liabilities				
Finance lease liabilities	-	(516,020)	-	(351,655)
Lease liabilities	(1,511,816)	-	(1,317,130)	-
Term loans	(227,500,000)	(234,500,000)	-	-
	(179,778,293)	(158,939,820)	(1,317,130)	(351,655)
Floating rate instruments				
Financial liabilities				
Bank overdrafts				
- secured	(12,572,583)	(7,576,290)	-	-
Bills payables	(43,498,786)	(51,778,318)	-	-
Revolving credits	(11,500,000)	(11,500,000)	-	-
Term loans	(92,500,000)	(94,000,000)	-	-
Trade Commodity Financing	(33,883,083)	(34,797,470)	-	-
	(193,954,452)	(199,652,078)	-	-

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

An increase in 0.5% (2018: 0.5%) interest rate at the end of the reporting period would have decreased the Group's profit before tax by RM969,772 (2018: RM998,260). A decrease in 0.5% (2018: 0.5%) interest rate at the end of the reporting period would have had equal but opposite effect to the aforesaid amounts. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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.

	2019		2018	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Group				
Financial liability				
Finance lease liabilties (Level 2)	-	-	516,020	464,444
Company				
Financial liability				
Finance lease liabilties (Level 2)	-	-	351,655	300,079

38. Financial Instruments (cont'd)

(d) Fair values of financial instruments (cont'd)

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

39. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

				Non-cash changes	
	At 1 January 2019 RM	**Effects of adopting MFRS 16 RM**	**Financing cash flow (i) RM**	**New lease RM**	**At 31 December 2019 RM**
Group					
Finance lease liabilities	516,020	(516,020)	-	-	-
Lease liabilities	-	2,956,276	(1,548,767)	104,307	1,511,816
Term loans	328,500,000	-	(8,500,000)	-	320,000,000
Trade Commodity Financing	34,797,470	-	(914,387)	-	33,883,083
Bill payables	51,778,318	-	(8,279,532)	-	43,498,786
Revolving credits	11,500,000	-	-	-	11,500,000
	427,091,808	2,440,256	(19,242,686)	104,307	410,393,685
Company					
Finance lease liabilities	351,655	(351,655)	-	-	-
Lease liabilities	-	2,487,489	(1,170,359)	-	1,317,130
Amount due to subsidiary companies	139,730,078	-	200,941,597	-	340,671,675
	140,081,733	2,135,834	199,771,238	-	341,988,805

Notes To The Financial Statements (cont'd)

39. Reconciliation of Liabilities Arising from Financing Activities (cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (cont'd)

	At 1 January 2018 RM	Financing cash flow (i) RM	New finance lease RM	At 31 December 2018 RM
Group				
Finance lease liabilities	584,728	(448,708)	380,000	516,020
Term loans	319,416,603	9,083,397	-	328,500,000
Trade Commodity Financing	39,530,016	(4,732,546)	-	34,797,470
Bill payables	72,762,556	(20,984,238)	-	51,778,318
Revolving credits	31,500,000	(20,000,000)	-	11,500,000
	463,793,903	(37,082,095)	380,000	427,091,808
Company				
Finance lease liabilities	56,507	(84,852)	380,000	351,655
Revolving credits	20,000,000	(20,000,000)	-	-
Amount due to subsidiary companies	47,744,622	91,985,456	-	139,730,078
	67,801,129	71,900,604	380,000	140,081,733

(i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

40. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with debt covenants and regulatory requirements. The debt-to-equity ratio at end of the reporting period are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Total loans and borrowings	422,966,268	434,668,098	1,317,130	351,655
Less: Fixed deposits, cash and bank balances	(151,486,872)	(167,111,553)	(1,945,348)	(10,249,658)
Net debts	271,479,396	267,556,545	(628,218)	(9,898,003)
Total equity	977,949,070	818,204,144	615,108,231	662,471,084
Debt-to-equity ratio	0.28	0.33	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

Notes To The Financial Statements (cont'd)

41. Subsequent Events

(i) Increase in paid up share capital

On 23 January 2020, the Company increased its issued share capital from RM659,642,281 to RM664,762,281 by way of issuance of 8,000,000 ordinary shares through the exercise of the warrants at an issue price of RM0.64 for cash consideration.

(ii) Effect of Outbreak of Coronavirus Pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

(iii) Corporate exrcise

On 22 May 2020, the Company annouced to Bursa Malaysia Securities Berhad, a proposal to implement a Corporate Exercise. The Company proposed renounceable rights issue up to 402,277,057 new Company's shares ("Rights Shares") together with 201,138,528 Warrants on the basis of 2 Rights Shares together with 1 Warrant for every 4 Company's shares held on an entitlement date to be determined later ("Rights Entitlement Date").

42. Material Litigation

(a) <u>Star Media Group Berhad ("STAR") Claim</u>

The Star Media Group Berhad ("STAR") had on 30 April 2019 served a Writ of Summons and Statement of Claims against the Company claiming that the Company as corporate guarantor to JAKS Island Circle Sdn Bhd ("JIC") is liable for JIC's purported default of obligations under the Sale and Purchase Agreement ("SPA") dated 19 August 2011 executed by STAR with JIC. The claim is for specific relief and damages for the total amount of RM177.7 million.

On 27 May 2019, the Company also filed its Defence and Counterclaim.

On 1 August 2019, STAR filed a Notice of Application for Disposal of case on point of law and/or Striking Out and/or Summary Judgment pursuant to Order 14A, Order 18 Rule 19 and Order 81 of the Rules of Court 2012 ("Application").

Case managements were held at the Kuala Lumpur High Court on 6 May 2019, 17 June 2019, 23 July 2019, 7 August 2019 and 28 August 2019.

On 28 August 2019, the Court granted leave to the Company to file a Reply to Star Media's Defence in the Counterclaim.

During the hearing on 14 October 2019, the Court informed the solicitors for the respective parties that the hearing of Star Media's is vacated and re-fixed a new hearing date on 14 November 2019.

During the hearing on 14 November 2019, the Court informed the solicitors for the respective parties that the hearing of Star Media's Application is vacated and re-fixed a new hearing date on 3 January 2020.

During the hearing on 3 January 2020, the Court informed the solicitors for the respective parties that the hearing of Star Media's is vacated and re-fixed a new hearing date on 21 April 2020.

Notes To The Financial Statements (cont'd)

42. Material Litigation (cont'd)

(a) Star Media Group Berhad ("STAR") Claim (cont'd)

The Company announced on 17 April 2020 that in light of the Movement Control Order, the Court informed the solicitors for the respective parties that the hearing of Star Media's Application pursuant to Order 14A, Order 18 and Order 18 Rule 19 of the Rules of Court 2012 on 21 April 2020 is vacated and re-fixed a new hearing date on 18 June 2020. Further, on 10 June 2020, the Company announced that the Court had vacated the hearing of STAR's Application on the abovementioned claim, and a new hearing date will be fixed in due course.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at the date of this report. The Directors are of the opinion that the outcome of the legal suits against the Group will not have a material impact on the financial position of the Group.

In respect of STAR's claim, the solicitors of the Company are of the opinion that the Company's chances in succeeding in its Counterclaim to be strong and backed with substantial grounds. It follows that it is highly prospective for the Company to defend the claim by STAR.

(b) Claim against STAR at Kuala Lumpur High Court

On 30 May 2019, the Company and JIC filed a claim against STAR at the Kuala Lumpur High Court for breach of the SPA dated 19 August 2011 on the following reliefs:

- a declaration that the Completion Period for JIC to deliver STAR's entitlement under the SPA is on 20 June 2020;
- a declaration that STAR has breached SPA;
- a declaration that STAR is unjustly enriched;
- the sum of RM248,242,987.62 to be paid to JIC as liquidated ascertained damages;
- the sum of RM297,035,481 to be paid to JRB as loss of proceeds from corporate fund raising exercises;
- the sum of RM50,000,000 together with all interests and all related costs incurred thereto pursuant to the Bank Guarantee that is to be refunded and/or returned to JIC within 7 days from the date of the Court Order, and
- damages

On 1 August 2019, STAR has filed a Notice of Application for Disposal of case on point of law and/or Striking Out pursuant to Order 14A and Order 18 Rule 19 of the Rules of Court 2012.

Case Managements were held on 18 June 2019, 19 July 2019, 14 August 2019, 3 September 2019, 31 October 2019, 15 November 2019, 29 November 2019 and 6 January 2020.

During the case management on 6 January 2020, the court fixed another case management on 27 April 2020.

The Company announced on 17 April 2020, that in light of the Movement Control Order, the High Court of Kuala Lumpur had vacated the case management on 27 April 2020. The court fixed another case management on 18 May 2020.

On 14 May 2020, the Company announced that in light of the Movement Control Order, the High Court of Kuala Lumpur had vacated the case management on 18 May 2020, and fixed another case management on 3 August 2020.

The solicitors of the Company are confident of the Company's chances in succeeding in its claim against STAR.

Insofar as STAR's applications to have both suits disposed of summarily on points of law, the solicitors of the Company are sanguine of their chances in defending the applications as the underlying disputes involved many issues to be tried which can only be determined through viva voce evidence.

Notes To The Financial Statements (cont'd)

43. Date of Authorisation for Issue

The financial statements of were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 June 2020.

PROPERTIES OF THE GROUP
As at 31 December 2019

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
PT No. 35295 H.S. (D) 283505 Mukim Damansara, Petaling Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 4/9/2097)	Land area: 182,952 sq. feet	5 years	Investment Properties with Shopping Mall and Car Parks	309,568	23/8/2013
PN 97384, Lot 141, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor	Leasehold Land (Duration -99 years) (Expire Date : 21/5/2112)	Land area: 24,569 sq. metres	1 year	Investment Properties Business Hub	245,000	9/8/2017
B-9-28, Level 9, Tower B Pacific Towers, Jalan 13/6, Section 13 Petaling Jaya, Selangor Darul Ehsan	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Build-up area Land area: 32,545 sq. feet	1 year	Investment Properties Level 9 Tower B	17,900	18/12/2019
P-B1-3, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Build-up area: 151,141 sq. feet	1 year	Investment Properties Car Park	53,432	14/10/2019
B-16-13A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	374 sq. feet	1 year	Vacant	310	18/12/2019
B-16-16 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	341 sq. feet	1 year	Vacant	290	18/12/2019
B-12-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	1 year	Vacant	420	18/12/2019
B-03A-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
B-06-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019

Properties of The Group
As at 31 December 2019 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
B-07-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
B-08-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
B-08-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	565 sq. feet	1 year	Vacant	450	18/12/2019
B-10-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
B-13A-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
B-15-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	1 year	Vacant	420	18/12/2019
B-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	1 year	Vacant	420	18/12/2019
B-16-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	1 year	Vacant	480	18/12/2019
L5-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,654 sq. feet	1 year	Vacant	1,090	18/12/2019

Properties of The Group

As at 31 December 2019 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
L5-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,959 sq. feet	1 year	Vacant	1,290	18/12/2019
L5-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,605 sq. feet	1 year	Vacant	1,060	18/12/2019
L5-03 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	3,140 sq. feet	1 year	Vacant	1,880	18/12/2019
L5-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,718 sq. feet	1 year	Vacant	1,135	18/12/2019
C-10-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	1,242 sq. feet	1 year	Vacant	970	18/12/2019
C-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	1 year	Vacant	770	18/12/2019
C-23-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	1 year	Vacant	770	18/12/2019
C-23-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	1 year	Vacant	770	18/12/2019
C-28-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	1 year	Vacant	770	18/12/2019

Properties of The Group
As at 31 December 2019 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
C-32-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	1 year	Vacant	770	18/12/2019
D-15-10 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	1 year	Vacant	500	18/12/2019
E-17-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	1 year	Vacant	500	18/12/2019
E-17-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	802 sq. feet	1 year	Vacant	640	18/12/2019
E-17-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	723 sq. feet	1 year	Vacant	580	18/12/2019
09-02 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	1 year	Vacant	790	31/12/2019
18-06 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,227 sq. feet	1 year	Vacant	816	31/12/2019
18-25 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,012 sq. feet	1 year	Vacant	680	31/12/2019
09-01 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	1 year	Vacant	790	31/12/2019

Properties of The Group
As at 31 December 2019 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
PN115285 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 15/4/2113)	18,524 sq. feet	1 year	Investment Properties Car Park	15,000	31/12/2019
No. 924/1F, Storey No.1st Floor, Building No. Block: Front Unit Type 3, Taman Desa Cheras, Kuala Lumpur	Freehold Property 1st Floor of 3 Storey Shophouse	Building area : 64.82 sq. metres (697.72 sq. feet)	17 Years	Vacant	44	23/12/2003
PN 30824, Lot. No. 18503, Mukim of Rawang, District of Gombak, State of Selangor	Leasehold Land (Duration - 99 Years) (Expiry date 11/7/2060)	Land area: 1,496 sq. feet Built up area : 1,280 sq. feet	8 years	Shoplot for investment	186	27/3/2012
H S (D) 224763, Lot No. PTD 42125, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	17 Years	Vacant	89	5/11/2003
H S (D) 224752, Lot No. PTD 42114, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	17 Years	Vacant	93	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 sq. feet	21 Years	Apartment for investment	70	12/3/1999

ANALYSIS OF SHAREHOLDINGS
AS AT 3 JUNE 2020

Total number of issued shares
and class of shares : 651,118,445 Ordinary Shares
Voting Right : One vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	1,019	5.94	36,131	0.01
100 – 1,000	6,353	37.05	2,076,124	0.32
1,001 – 10,000	5,794	33.79	30,947,791	4.75
10,001 – 100,000	3,276	19.10	113,371,280	17.41
100,001 – 32,555,921 (*)	704	4.11	451,152,019	69.29
32,555,922 and above (**)	1	0.01	53,535,100	8.22
	17,147	100.00	651,118,445	100.00

NOTES: * Less than 5% of the issued shares
** 5% and above of the issued shares

30 LARGEST SHAREHOLDERS AS AT 3 JUNE 2020

	Names	No. of Shares	(%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	53,535,100	8.22
2.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund VVNM for Vaneck Vectors Vietnam ETF	29,270,200	4.50
3.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	9,250,000	1.42
4.	Liew Moi Fah	8,208,200	1.26
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	8,200,000	1.26
6.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Zaidee bin Abang Hipni	8,200,000	1.26
7.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	6,673,265	1.02
8.	Maybank Investment Bank Berhad IVT (10)	6,600,000	1.01
9.	Ooi Chin Hock	6,354,000	0.98
10.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	6,150,000	0.94

Analysis Of Shareholdings
As at 3 June 2020 (cont'd)

30 LARGEST SHAREHOLDERS AS AT 3 JUNE 2020 (cont'd)

	Names	No. of Shares	(%)
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd (Positif Tiara)	6,000,000	0.92
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Chai Soon	5,900,000	0.91
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mat Nasir Bin Mohamed	5,800,000	0.89
14.	Chor Chee Heung	5,400,000	0.83
15.	Ang Lam Poah	5,164,960	0.79
16.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	5,000,000	0.77
17.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account–AmBank (M) Berhad for Ang Ken Seng	5,000,000	0.77
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Sek	5,000,000	0.77
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	4,700,000	0.72
20.	Dennis Koh Seng Huat	4,500,000	0.69
21.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	4,178,700	0.64
22.	Amanahraya Trustees Berhad PMB Shariah Growth Fund	4,150,000	0.64
23.	Original Invention Sdn Bhd	4,000,000	0.61
24.	Tang Khai Hing	4,000,000	0.61
25.	Teoh Teik Lin	3,768,800	0.58
26.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	3,500,000	0.54
27.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt an for Standard Chartered Bank Singapore Branch	3,000,000	0.46
28.	Salcon Berhad	3,000,000	0.46
29.	Tan Eng @ Tan Chin Huat	3,000,000	0.46
30.	Tang Khai Hing	2,835,800	0.43

Analysis Of Shareholdings
As at 3 June 2020 (cont'd)

DIRECTORS' SHAREHOLDING AS AT 3 JUNE 2020

Names of Directors	Ordinary Shares Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
Ang Lam Poah	86,590,062	13.30	-	-
Dato' Razali Merican Bin Naina Merican	4,010,800	0.62	*11,500,000	1.77
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

Name of Director	Long Term Incentive Plan ("LTIP Option") No. of LTIP Option	(%)
Ang Lam Aik	750,000	7.222

NOTES:
* Deemed interest by virtue of his shareholdings in Original Invention Sdn Bhd

Shares in related corporation

By virtue of Mr Ang Lam Poah and Dato' Razali Merican Bin Naina Merican's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

SUBSTANTIAL SHAREHOLDERS AS AT 3 JUNE 2020

Substantial Shareholders	Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
1. Ang Lam Poah	86,590,062	13.30	-	-

ANALYSIS OF WARRANTS B HOLDINGS
AS AT 3 JUNE 2020

Total number of issued shares and class of shares : 94,428,430 Warrants
Voting Right : No voting rights

Analysis of Warrants B Holdings

Size of Holdings	No. of Warrants B Holders	(%)	No. of Warrants B	(%)
1 – 99	24	2.37	1,129	0.01
100 – 1,000	119	11.77	70,363	0.07
1,001 – 10,000	425	42.04	2,355,113	2.50
10,001 – 100,000	352	34.82	12,223,125	12.94
100,001 – 4,721,420 (*)	88	8.70	49,494,350	52.41
4,721,421 and above (**)	3	0.30	30,284,350	32.07
	1,011	100.00	94,428,430	100.00

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANTS B HOLDERS AS AT 3 JUNE 2020

	Names	No. of Warrants B	(%)
1.	Chong Kok Foo	12,102,300	12.82
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	10,982,050	11.63
3.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	7,200,000	7.62
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,625,000	4.90
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,100,000	4.34
6.	Original Invention Sdn Bhd	3,750,000	3.97
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	3,000,000	3.18
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	2,975,000	3.15
9.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	1,500,000	1.59
10.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	1,387,050	1.47

Analysis Of Warrants B Holdings
As at 3 June 2020 (cont'd)

30 LARGEST WARRANTS B HOLDERS AS AT 3 JUNE 2020 (cont'd)

	Names	No. of Warrants B	(%)
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	1,240,000	1.31
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lian Woon Seng	1,202,300	1.27
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	1,200,000	1.27
14.	Ooi Chin Hock	912,000	0.97
15.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account-AMBank (M) Bhd for Ang Lam Poah	900,000	0.95
16.	Koh Seng Poh	894,500	0.95
17.	Teng Lung Sing	839,000	0.89
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Winston Paul A/L Moses Richardson	825,000	0.87
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Dek King	812,000	0.86
20.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account–AmBank (M) Berhad for Razali Merican Bin Naina Merican	775,000	0.82
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sia Ngo Hin	715,200	0.76
22.	Ang Hui Chan	701,600	0.74
23.	Wong Dek Kong	625,000	0.66
24.	Quah Siew Lan	617,200	0.65
25.	Loo Kee Seng	523,800	0.55
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Sai Boon	496,800	0.53
27.	Wilfred Koh Seng Han	485,000	0.51
28.	Ng Bee Wee	475,100	0.50
29.	Liew Moi Fah	467,000	0.49
30.	Tan Yann-Yun	464,000	0.49

Analysis Of Warrants B Holdings
As at 3 June 2020 (cont'd)

DIRECTORS' WARRANTS B HOLDING AS AT 3 JUNE 2020

	Warrants B Shares			
	Direct Interest		Indirect Interest	
Names of Directors	**No. of Warrants B Shares**	**(%)**	**No. of Warrants B Shares**	**(%)**
Ang Lam Poah	24,827,051	26.29	-	-
Dato' Razali Merican Bin Naina Merican	775,000	0.82	*14,785,500	15.66
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-
	25,602,051	25.00	14,785,500	14.44

NOTES:
* Deemed interest by virtue of his warrants holdings in Original Invention Sdn Bhd

Shares in related corporation

By virtue of Mr Ang Lam Poah and Dato' Razali Merican Bin Naina Merican's interest in the warrants of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have an interest in the warrants of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in warrants of the Company and its related corporations during the financial year.

SUBSTANTIAL WARRANTS B HOLDERS AS AT 3 JUNE 2020

		Direct Interest		Indirect Interest	
	Substantial Warrants Holders	**No. of Warrants B**	**(%)**	**No. of Warrants B**	**(%)**
1.	Ang Lam Poah	24,827,051	26.29	-	-
2.	Original Invention Sdn Bhd	14,785,500	15.66	-	-
3.	Chong Kok Foo	12,102,300	12.82	-	-
4.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	7,200,000	7.62	-	-

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at Grand Pacific Event Hall, 3rd Floor, Evolve Concept Mall, Pacific Place @ Ara Damansara, Jalan PJU 1A/4, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 September 2020 at 10.30 a.m. for the purpose of considering the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following directors, who are retiring pursuant to the Company's Constitution and who being eligible offer themselves for re-election:

   (i) Dato' Razali Merican bin Naina Merican (Article 100(3)) **Resolution 1**
   (ii) Dato' Azman bin Mahmood (Article 100(3)) **Resolution 2**
   (iii) Ms Khor Hun Nee (Article 107) **Resolution 3**

3. To approve the payment of Directors' Fees of RM8,000 per month for each of the Non-Executive Directors for the financial year ending 31 December 2020. **Resolution 4**

4. To approve the payment of Meeting Attendance Allowances of RM2,000 per meeting for each Director and an additional RM500 per meeting for the Chairman of the meeting with effect from July 2020 until June 2021. **Resolution 5**

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

6. **SPECIAL BUSINESS**
   To consider and if thought fit, pass the following resolutions:

   ORDINARY RESOLUTION: **Resolution 7**
   Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

   ORDINARY RESOLUTION: **Resolution 8**
   Continuation in office as Independent Non-Executive Director

   "THAT approval be and is hereby given to Tan Sri Datuk Hussin bin Haji Ismail who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

Notice Of Eighteenth Annual General Meeting
(cont'd)

ORDINARY RESOLUTION: **Resolution 9**
Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Mr Liew Jee Min @ Chong Jee Min who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

ORDINARY RESOLUTION: **Resolution 10**
Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Dato' Azman Bin Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

LEONG OI WAH (MAICSA 7023802)
SSM PRACTICING CERTIFICATE NO. 201908000717
Company Secretary

Petaling Jaya
30 June 2020

Notes:

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*

2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.*

4. *The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.*

5. *Depositors who appear in the Record of Depositors as at 8 September 2020 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

Notice Of Eighteenth Annual General Meeting
(cont'd)

NOTES ON SPECIAL BUSINESS:

Resolution 7:
The proposed Resolution 7 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 25 June 2019. The Company had on 18 April 2019 made an announcement on the proposed private placement of up to 10% of the total number of issued shares utilising the mandate approved by the shareholders on 26 June 2018, and raised RM40,925,719 which has been fully utilised.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions or the issuance of shares as consideration for the acquisition of assets.

Resolutions 8, 9 & 10:

Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood have served as Independent Non-Executive Directors for more than 9 years.

The Nomination Committee and the Board have assessed the independence of Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood at its meetings held on 19 May 2020 and have recommended that they continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) They have declared and affirmed their independence as per the definition of the Listing Requirements
b) They have actively participated in board discussion and provided an independent voice on the Board.
c) They provide a check and balance and bring an element of objectively to the Board of Directors.
d) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer and Executive Directors.

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JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

PROXY FORM

Number of Shares Held	

*I/We ______________________________________ (Full Name in Block Letters)

______________ (NRIC New/Company No.:) of ______________________________

______________________________________ (Address) being a

member / members of JAKS Resources Berhad hereby appoint *Mr/Ms______________________

of____

(the next name and address should be completed where it is desired to appoint two/more proxies)

or *Mr/Ms ______________________ of ______________________

____

or failing *him/*her/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Eighteenth Annual General Meeting of the Company to be held at Grand Pacific Event Hall , 3rd Floor, Evolve Concept Mall, Pacific Place @ Ara Damansara, Jalan PJU 1A/4, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 September 2020 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Dato' Razali Merican bin Naina Merican as Director		
2.	Re-election of Dato' Azman bin Mahmood as Director		
3.	Re-election of Ms Khor Hun Nee as Director		
4.	Payment of Directors' Fees		
5.	Payment of Meeting Allowance		
6.	Appointment of Messrs UHY as Auditors		
7.	Approval to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Approval for the continuation in office of Tan Sri Datuk Hussin Bin Haji Ismail as Independent Non-Executive Director		
9.	Approval for the continuation in office of Mr Liew Jee Min @ Chong Jee Min as Independent Non-Executive Director		
10.	Approval for the continuation in office of Dato' Azman Bin Mahmood as Independent Non-Executive Director		

\# *Please indicate your vote "For" or "Against" with an "X" within the box provided*

* *Delete if not applicable*

Signed this _______day of __________________ 2020

____

Signature/Common Seal of Shareholder(s)

Notes: -

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*
2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.*
4. *The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.*
5. *Depositors who appear in the Record of Depositors as at 8 September 2020 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

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JAKS RESOURCES BERHAD (200201017985 [585648-T])
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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JAKS RESOURCES BERHAD
200201017985 (585648-T)

Unit B-09-28, Tower B,
Pacific Towers, Jalan 13/6
Section 13, 46200 Petaling Jaya, Selangor
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www.jaks.com.my